



光大控股
EVERBRIGHT LIMITED

The Power to *Transform*
專注致遠 順勢有為

Innovation Drives Investing for Tomorrow

科創引領 投資未來

COVER STORY

Innovation Drives Investing for Tomorrow



We are in an era of venturing into new horizons and exploring uncharted territory, where the power of technological innovation is propelling the world forward with boundless possibilities.

At CEL, leveraging 28 years of expertise in cross-border asset management, we adhere to a technology and innovation-led strategy, empowering emerging future industries with long-term capital to fulfill our mission of serving national development.

With professional investment capabilities, CEL is dedicated to fostering innovation-driven new productive forces, keeping pace with the evolving times to jointly build a promising and brilliant future.

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COMPANY OVERVIEW

China Everbright Limited (stock code: 165.HK) (“CEL” or the “Company”, together with its subsidiaries, collectively the “Group”) is a leading cross-border asset management and private equity investment company in China, and a listed company in Hong Kong with management and investment of private funds as the core business. With more than 28 years of experience in cross-border asset management and private equity investment, CEL has been picked as one of the top PE firms in China several times. China Everbright Group Ltd. (“Everbright Group”), the largest shareholder of the Company, indirectly holds 49.74% of the shares of CEL.

For Fund Management Business, as of 31 December 2025, total assets under management (“AUM”)¹ of CEL reached approximately HK\$121.4 billion, with 71 funds. By forming a rich asset management product line covering primary market funds, secondary market funds, FoFs, S funds, etc., CEL has nurtured many promising enterprises with high growth potential alongside with other investors. CEL fully capitalised its role as a cross-border investment platform to deepen its engagement in fields such as technology innovation, emerging pillar industries, and prospective industries, fostered New Quality Productivity Forces and contributed to the development of the real economy.

For Principal Investments Business, CEL has nurtured China Aircraft Leasing Group Holdings Limited (“CALC”), the largest independent aircraft operating lessor in China; nurtured China Everbright Senior Healthcare Company Limited (“Everbright Senior Healthcare”), a renowned senior healthcare industrial group in China with consolidating multiple mid-to-high-end senior healthcare enterprises; and invested in Terminus Smart Technology Co., Ltd. (“Terminus”) in the Artificial Intelligence and Internet of Things (“AIoT”) industry. CEL also invests in financial assets to achieve a balanced return and liquidity in Principal Investments in due course. In addition, the Company holds a portion of the equity interests of China Everbright Bank Company Limited (“China Everbright Bank”) and Everbright Securities Company Limited (“Everbright Securities”) as Cornerstone Investments.

¹ Total assets under management refer to the committed capital of fund investors (including CEL as an investor) for primary market funds and FoFs, and refers to the net asset value of funds for secondary market investments.





49.74%



FUND MANAGEMENT BUSINESS

PRIMARY MARKET INVESTMENTS	SECONDARY MARKET INVESTMENTS	FUND OF FUNDS INVESTMENTS
----------------------------------	------------------------------------	---------------------------------

- Fund products including primary market funds (including real estate private funds under EBA Investments), secondary market funds and FoFs
- Invests in both domestic and overseas markets, including USD and RMB-denominated products
- AUM amounting to approximately HK\$121.4 billion, of which seed capital committed by CEL accounts for approximately 28.7%, with an amount of approximately HK\$34.8 billion

PRINCIPAL INVESTMENTS BUSINESS

KEY INVESTE COMPANIES	FINANCIAL INVESTMENTS	CORNERSTONE INVESTMENTS
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- Key Investee Companies:** focusing on aircraft full life-cycle services, senior healthcare management, and AIoT
- Financial Investments:** financial investments in equity, debts, and structured products
- Cornerstone Investments:** a portion of the equity interests in China Everbright Bank and Everbright Securities
- The scale of the Principal Investments Business amounting to approximately HK\$32.5 billion

2025 BUSINESS DEVELOPMENT HIGHLIGHTS

BUSINESS HIGHLIGHTS IN 2025

In 2025, with the gradual impact of macroeconomic policies and improvements in economic fundamentals, both the Chinese Mainland and Hong Kong capital markets showed clear signs of recovery. The A-share market strengthened, supported by institutional optimisations and improved liquidity, while the Hong Kong stock market regained momentum, buoyed by enhanced market connectivity. As a leading cross-border asset management company in China, CEL remained focused on steady progress while upholding its strategic discipline. During the reporting period, the Company saw the successful listings of several portfolio companies, including Circle, Yunji Technology, Innogen Pharmaceutical, and CiDi Inc., underscoring the consistent improvement of its private equity investment management business in both operational quality and efficiency. However, the domestic real estate sector is still undergoing a deep adjustment, with declining rental levels, weak price expectations, and liquidity challenges continuing to pressure some of the Company's commercial real estate projects. During the reporting period, the Company's impairment losses on advances to real estate platforms, coupled with valuation pressures on certain real estate projects, eroded the returns from its private equity investment management business, becoming a key constraint on the Company's overall performance for the year.

During the reporting period, the Company seized the opportunity presented by the recovery in private equity and the active capital markets, making coordinated efforts across the core areas of fundraising, investment, and exits. It further strengthened its position in key sectors, focusing on unlocking and maximising asset value. At the same time, the Company actively tackled the challenges posed by cyclical adjustments in the real estate market by systematically implementing risk management and mitigation initiatives. The key business achievements during the period are as follows:

Advancing new fund launches to reinforce foundation for long-term business growth. During the reporting period, the Company leveraged its group-operating strengths to enhance long-term capital raising and solidify the foundation for its fund management business. It successfully launched four new funds: the Xiamen Marine High-Tech Industrial Development Fund (廈門海洋高新產業發展基金), the Huaian Hongze Guangqi Fund (淮安洪澤光啟基金), the Changxing CEL Fund of Funds (長興光控母基金) and the Yingtan Fund (鷹潭基金), securing approximately HK\$4,982 million in new capital. As of the end of 2025, the Company's total AUM had reached HK\$121.4 billion, an increase of approximately HK\$4 billion from the end of 2024, reversing the downward trend of recent years.

Focusing on technology to build systematic investment capability. During the reporting period, the Company upheld a professional-driven, long-term value investment approach to steadily advance its project positioning. Throughout the year, the fund management business deployed approximately HK\$750 million. The focus was placed on key technology sectors including artificial intelligence, semiconductors, and biopharmaceuticals, where the Company supported and nurtured companies such as HengYi Biotech (engaged in research and development of innovative drug for tumors and autoimmune diseases), Yangtze Memory Technologies (a domestic storage chip leader), Weidu Microelectronics (engaged in design of semiconductor chips), Rokae Robotics (an intelligent robotics company), J-Sensor (a supplier of core sensor for new energy vehicles), and Array Intelligent (a manufacturer of testing equipment for lithium battery). Through its FoFs, the Company also backed the Sinovation Ventures, Lilly Asia Ventures, and Eastern Bell Early-Stage Technology Fund, further supporting the development of patient capital ecosystem. The secondary market funds delivered strong performance, earning nominations for the HFM Awards for two consecutive years. Everbright Convertible Opportunities Fund, Everbright China Focus Fund and Everbright Vision Fund all easily outperformed the fixed income and equity indices respectively.

Conducting strategic exits to realise capital and lock in returns, driving value creation. The Company continued to accelerate exits while maintaining strategic patience, effectively capturing investment value and returns. During the reporting period, it successfully exited approximately HK\$4,456 million from its managed funds and principal investments, fully or partially exiting projects such as Xpeng (an emerging player in NEV), iSoftStone (a provider of comprehensive software and digital services), Longcheer Technology (a leading smart product ODM), 4Paradigm (a provider of artificial intelligence technology and services), NetEase Cloud Music (an online music platform), HC Semitek (a LED chip manufacturer), and Tianmulake Excellent Anode Materials (a manufacturer of new energy battery materials). These exits generated a total return of approximately HK\$2,271 million, achieving a multiple on invested capital (MOIC) of approximately 2.04x.

Optimising financial structure and strengthening operational management. During the reporting period, the Company continued to optimise its financing structure, successfully issuing two tranches of Panda Medium-Term Notes totalling RMB4.5 billion. This effectively reduced financing costs, with the average cost dropping by 116 basis points to 2.95% compared to the previous year. Thanks to optimisation of its debt structure, the Company's financial expenses decreased by 33% year-on-year. During the reporting period, the Company also reduced its leverage through proactive debt repayment. As of the end of 2025, the Company's net leverage ratio stood at 86.2%, a decrease of nearly 0.6 percentage points from the end of 2024, maintaining a solid financial structure. Additionally, through enhanced cost management, the Company reduced operating costs by 7%, while overall expenditures for the year declined by 23% year-on-year, highlighting continued progress in cost control. Further, the Company continued to actively optimise its risk management system and improve its efficiency, establishing a forward-looking risk alert mechanism.



Supporting national livelihood strategies through commercial consumer services. During the reporting period, phases I and II of EBA Investments' flagship retail infrastructure and urban renewal project — Zhongguancun Art Park IMIX Park — successfully rolled out with near 100% occupancy. This project has significantly contributed to upgrading the regional commercial landscape and enriching consumer experience. Across its retail infrastructure portfolio, EBA Investments served over 230 million consumers and nearly 4,800 merchants throughout the year. Amongst this, the IMIX Parks under EBA Investments alone accounted for nearly 210 million consumer visits and supported over 3,200 merchants. CALC, as the Company's key investee, through its associate TransNusa, has successfully received five C909 aircraft, supporting the expansion of China-made aircraft into ASEAN and global markets. Everbright Senior Healthcare, another key investee, further expanded its elderly care services, with five of its institutions honoured with the national "Respect for the Elderly Award" in recognition of their outstanding efforts in promoting senior benefits policies and enhancing service quality.

Strengthening ESG framework to advance sustainable development. During the reporting period, the Company enhanced its Board diversity by appointing an additional female independent non-executive director. It continued embedding ESG principles into its management and decision-making processes, investing in and managing a diverse range of ESG projects across various sectors through its own capital and fund platforms. In alignment with Hong Kong government's green transformation policies, the Company implemented green office practices, sustainable procurement, and promoted eco-friendly commuting. Zhongguancun Art Park IMIX Park in Beijing, through its technological innovations and management optimisations in energy efficiency and emission reduction, has become a leading example of green transformation. The Company also focused on supporting grassroots youth and elderly communities in Hong Kong by backing the government's "Strive and Rise Programme" and further advancing its "Shine Campus" charitable initiative. Further, it deepened its engagement with local communities by installing rat guards in Wan Chai as part of its "Rat Control Mission", providing health checks in Shatin through the "Walk Towards Light, Accompanied by Health" programme, and offering volunteers to the Food Angel. These efforts benefited over 10,000 people in these communities. The Company also continued its support for rural revitalisation and consumer assistance, further demonstrating its commitment to corporate social responsibility of a central state-owned enterprise. The Company maintained an MSCI Environmental, Social and Governance rating of "A" and received several prestigious awards, including the "Best ESG(S)" award from the Hong Kong Investor Relations Association (HKIRA) and the "ESG Investment" award from Bloomberg Businessweek.

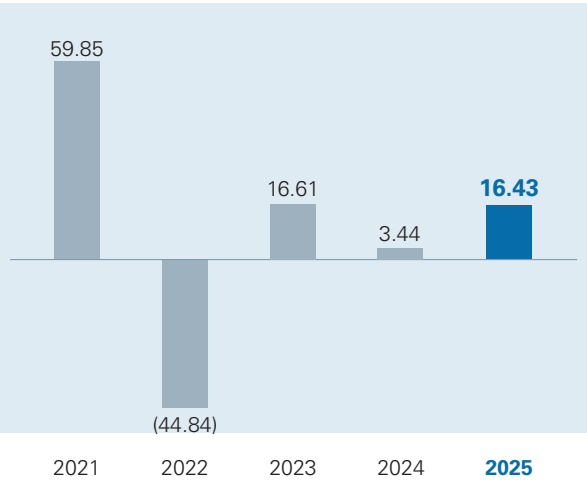
Driving growth through a forward-looking strategy. During the reporting period, the Company adopted a measured yet progressive approach, capitalising on opportunities presented by the recovery of the private equity market. It formulated its 15th Five-Year Plan guided by a forward-looking vision, closely aligning with national policies and prevailing industry trends. By leveraging its core strengths, including cross-border platforms, operational synergies, and state-owned capital, the Company concentrated on key sectors and strategically significant regions, establishing a clear roadmap to enhance its intrinsic value.

A summary of the Group's Panda Bond issuance in 2025 is as follows:

Bond abbreviation	Note tenor	Date of issuance	Size of issuance	Use of proceeds
25 Everbright Limited MTN001	3-year medium-term note	2025/6/6	RMB3.0 billion	Repayment of 22 Everbright Limited MNT001
25 Everbright Limited MTN002	2+N-year perpetual medium-term note	2025/11/17	RMB1.5 billion	Repayment of offshore bank loans

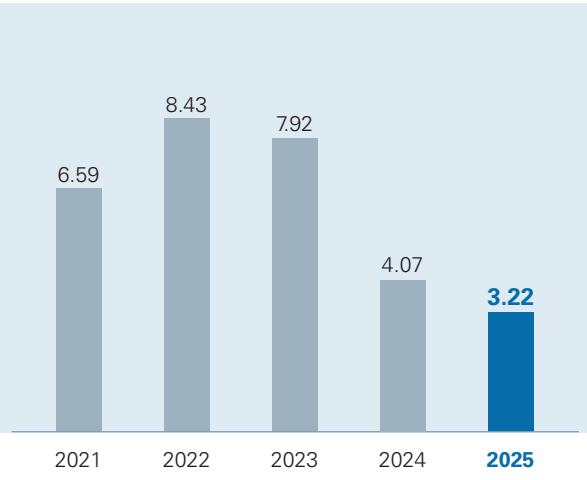
TOTAL AMOUNT OF INCOME

(HK\$ hundred million)



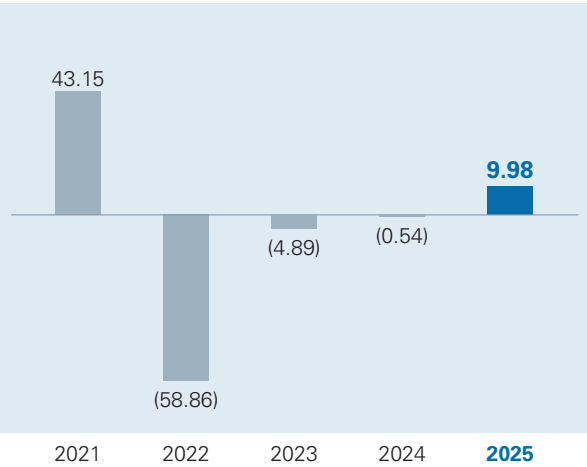
INCOME FROM CONTRACTS
WITH CUSTOMERS

(HK\$ hundred million)



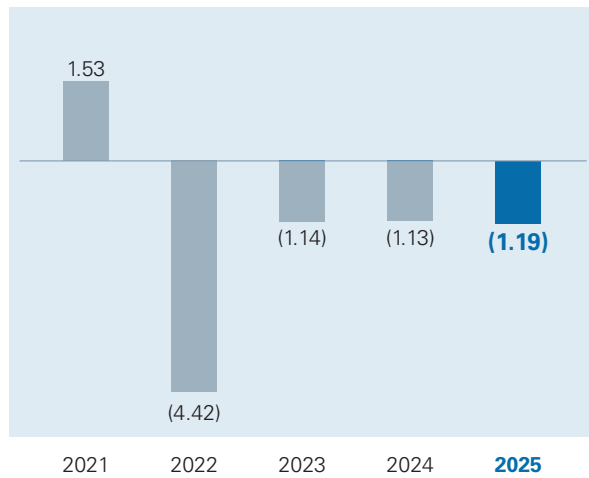
(LOSS)/INCOME FROM INVESTMENTS

(HK\$ hundred million)



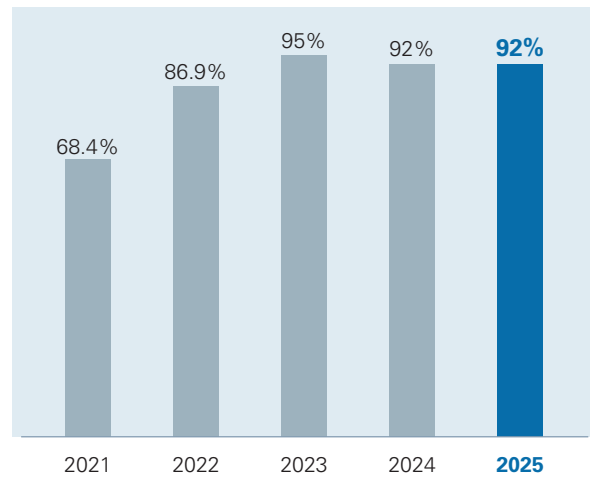
BASIC (LOSS)/EARNINGS PER SHARE

(HK\$)



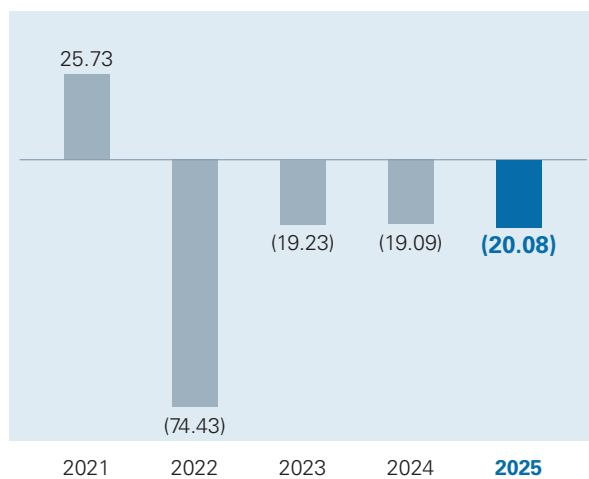
GEARING RATIO[#]

(%)



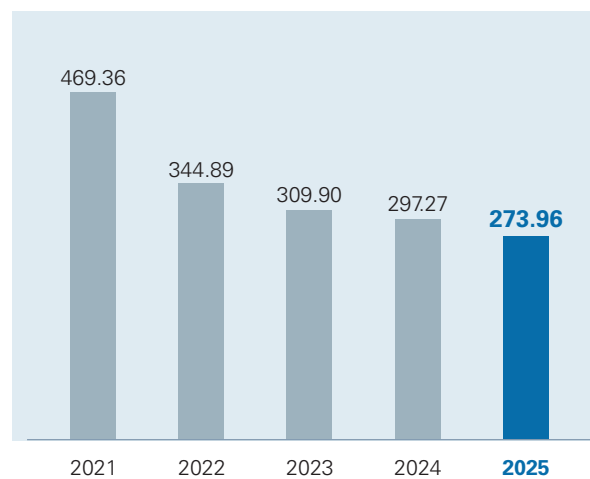
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(HK\$ hundred million)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(HK\$ hundred million)



Note:

[#] It is calculated as interest-bearing debt (including bank loans + bonds payable)/total equity.



2025 REVIEW

BUSINESS DEVELOPMENT

In 2025, CEL seized the opportunity presented by the recovery in private equity and the active capital markets, making coordinated efforts across the core areas of fundraising, investment, management and exits. With a continued focus on strengthening its position in key sectors, the Company achieved steady progress in operation and development.

Convened the 2025 CEL Work Conference and committed to promoting high-quality development.

光大控股
EVERTHINK CAPITAL

成功发行

30

亿元人民币

中国光大控股有限公司
2025年度第一期中期票据

债券简称 25光大控股MTN001

信用评级 主体AAA/债项AAA

债券期限 3年期

票面利率 2.09%

认购倍数 边际2.8倍/全场2.6倍

牵头主承销商 光大证券
簿记管理人

联席主承销商 中信证券 中国工商银行 浦发银行 中信银行

热烈祝贺

中国光大控股有限公司2025年度第二期中期票据

—— 成功发行 ——

债券简称	发行金额	信用评级	债券期限	票面利率	认购倍数
25光大控股MTN002	15亿元	主体AAA/债项AAA	2+N年期	2.17%	全场2.69倍/边际3.33倍

牵头主承销商 簿记管理人 光大证券 联席主承销商 中信证券

衷心感谢所有投资机构的大力支持！

Financing structure is optimised on an ongoing basis with the successful issuance of two tranches of the medium-term notes of RMB4.5 billion in total size.

CEL joined hands with Hongze Industrial Investment Holding Group (洪澤產投控股集團) to establish the Huaian Hongze Guangqi Fund (淮安洪澤光啟基金), a RMB500 million fund focused on strategic emerging industries, including intelligent manufacturing and new materials.



CEL joined hands with Xiamen State-owned Assets (廈門國資) and other partners to establish the Xiamen Marine High-Tech Industrial Development Fund (廈門海洋高新產業發展基金), with a total size of RMB2 billion, in active response to the national marine economy development strategy.

CEL partnered with Changxing County in Zhejiang Province to launch the Changxing CEL Fund of Funds (長興光控母基金), a RMB1 billion fund that further strengthens CEL's industrial investment footprint in the Yangtze River Delta region.



Innogen Pharmaceutical, a portfolio company of CEL's Taizhou Fund, was successfully listed on the Hong Kong Stock Exchange under stock code 2591.HK.

Yunji Technology, a portfolio company of CEL's New Economy Fund, was successfully listed on the Hong Kong Stock Exchange under the stock code 2670.HK.



CiDi Inc., a portfolio company of CEL's New Economy Fund, was successfully listed on the Hong Kong Stock Exchange under the stock code 3881.HK.

TransNusa, an Indonesian airline operating under CALC — a portfolio company of CEL — successfully received its 5th C909 aircraft, and officially launched an international passenger route between Manado, Indonesia, and Shenzhen, China, during the National Day holiday.



Zhongguancun ART PARK IMIX Park, one of the key consumer infrastructure and urban renewal projects under EBA, achieved full commencement of operation, comprehensively enhancing regional commercial activity and consumer experience.

SOCIAL RESPONSIBILITY



The CEL Volunteer Team returned to the “Food Angel” Community Centre, preparing meals for elderly members of the community in need, and sharing warmth and compassion.



Building on their earlier donations of rat guards, the CEL Volunteer Team joined forces with the Hong Kong Volunteer Team of China Everbright and the Global Volunteer Team of China Telecom Global, to form the “Rat Eradication Alliance”. Together, they installed rat guards across residential buildings, taking a determined stand in the ongoing fight against rodent infestations.



In collaboration with China Everbright Environment and under the umbrella of the “Green Wings Programme,” CEL leveraged its “Shine Campus” public welfare initiative to invite teachers and students from Pui Kiu Middle School, Hong Kong to visit Everbright Environmental Energy (Boluo) Limited in Huizhou, embarking on a study tour of waste-to-energy power generation projects.



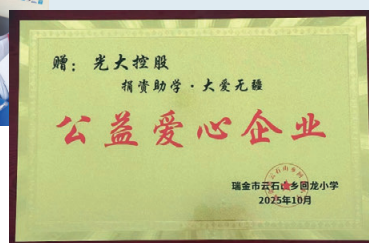


As part of the Hong Kong SAR Government's "Strive and Rise Programme," CEL, for the third consecutive year, actively promoted public welfare by hosting the "Strive and Rise Programme — 'Shine Campus' Financial Literacy Sharing Seminar" at the Everbright Centre.

CEL once again joined forces with the Hong Kong Dance Company, donating 170 tickets to the pre-performance sharing session and dance performance of "The Kids in Rainbow Jerseys 2.0". The tickets benefited teachers and students of the Strive and Rise Programme, as well as young people from local social welfare organisations. Through this initiative, CEL actively supported the Hong Kong SAR Government's policies and helped cultivate a festive spirit in anticipation of the National Games.



Through the "Love in Action" (愛心接力) initiative, CEL donated second-hand computers and charitable funds to the teachers and students of Wangjia Primary School (王家小學) in Maijiexiang Town, Guanghe County, Gansu, and Huilong Primary School (回龍小學) in Yunshishan Township, Ruijin, Jiangxi. In recognition of this support, the schools presented CEL with letters of gratitude and commemorative plaques.



AWARDS AND HONORS IN 2025

In 2025, CEL and its professional funds won a number of prestigious industry awards and honors, and its cross-border asset management and investment capabilities were highly recognized by the industry.



CORPORATE AND PROFESSIONAL FUND AWARDS

CEL was awarded the “China Influence PE Investment Institutions TOP 50” in the Golden Investment Prize of China Venture Capital Institute.



The CEL Fund of Funds was recognised among the “Top 20 Best-Performing State-Owned Market-Oriented FOFs 2025” by China-fof.com, and was also named in FOFWEEKLY’s “Top 20 Financial Institutions in the 2025 New Productivity Investment Institutions Soft Power Rankings”.

The CEL Fund of Funds was ranked among the “2025 China Influence Market-Oriented FOFs TOP10” and the “2025 China Influence Limited Partners TOP 30” in the Golden Investment Prize by the China Venture Capital Institute.



The flagship fund product, Everbright Convertible Opportunities Fund, managed by CEL’s secondary market asset management platform, China Everbright Assets Management, was ranked No.2 in the “Fixed Income — Convertible Bonds” category for Net Return in 2024 by BarclayHedge.



China Everbright Assets Management was honoured with the “One-Year Golden Bull Award for Overseas Private Fund Management Companies (Bond Strategy)” at the 9th Golden Bull Overseas China Equity Fund Awards organised by China Securities Journal.

Corporate Social Responsibility & Human Resources



CEL received the “BEST ESG (S)” award from the Hong Kong Investor Relations Association (HKIRA).



CEL received the “ESG Investment” award from Bloomberg Businessweek.



CEL has been awarded the “Happy Company” Logo by the Chinese Manufacturer’s Association of Hong Kong and Promoting Happiness Index Foundation for 11 consecutive years.



CEL has been awarded the “Breastfeeding Friendly Workplace” Certificate of Appreciation by UNICEF, with the support of the Health Bureau of Hong Kong and the Department of Health, for four consecutive years.

CHAIRMAN'S STATEMENT

Through the path
of resilience,
we traverse cyclical trials,
solidify our roots,
and build enduring
momentum for the future.



In 2025, the concluding year of the “14th Five-Year Plan”, the global economy presses forward with determination, despite structural headwinds. Amid this complex external environment, China’s economy has demonstrated remarkable resilience. Anchored by deepening reform and opening-up as its cornerstone, the country has focused on expanding domestic demand, optimising its economic structure, restoring confidence, and mitigating risks. The cultivation of new, high-quality productive forces has accelerated, while the pivotal role of scientific and technological innovation in shaping a modern industrial system has grown ever more pronounced. Furthermore, the deep integration of green transformation with digital development has infused the economy with strong and enduring momentum, underpinning its sustainable and healthy growth.

In recent years, the private equity sector has faced considerable challenges, yet CEL has forged ahead with unwavering resolve. In 2025, the Company successfully

launched multiple new funds and saw several long-nurtured projects reach successful listing, fully affirming its professional expertise and long-term value creation philosophy in private equity investment. Nonetheless, persistent pressure in the real estate sector meant that the Company’s overall operations continued to confront formidable challenges. During the reporting period, the real estate projects recorded considerable credit impairment losses, which weighed on the Company’s overall profits. Yet their operating performance remained stable, overall risks stayed within controllable bounds, and the Company continues to maintain confidence in their long-term value.

With the support of shareholders and all stakeholders, the Company has upheld prudent operations and pursued reform-driven risk mitigation, with all staff uniting their efforts to surmount challenges and harmonise core priorities, including stabilising operations, consolidating the foundation, strengthening development, and managing risks.

STRENGTHENING FOUNDATIONS AND ADVANCING ASSET MANAGEMENT EXCELLENCE

In fundraising, the Company harnessed the full depth and breadth of its integrated group platform to expand its access to long-term capital, thereby reinforcing the underpinnings of its fund management business. We have successfully established four funds: Xiamen Marine High-Tech Industrial Development Fund (廈門海洋高新產業發展基金), Huaian Hongze Guangqi Fund (淮安洪澤光啟基金), Changxing CEL Fund of Funds (長興光控母基金) and Yingtan Fund (鷹潭基金), securing approximately HK\$5.0 billion in new capital, representing a year-on-year increase of over 300%. As at the end of 2025, the Company's AUM stood at approximately HK\$121.4 billion, reversing the downward trend of recent years. On the investment front, the Company remained steadfastly aligned with national priorities, further stepping up direct investment in the real economy. Guided by the strategy of "investing early, investing small, and investing in hard technology", the Company strengthened and deepened its presence across key sectors, including artificial intelligence, semiconductor chips, and biomedicine, adding 25 new investment projects under Fund Management Business and significantly accelerating the pace of deployment. In terms of management, the Company further elevated its value-added services for portfolio companies, while drawing on the synergy of cross-border financial capabilities to support their rapid growth. In 2025, a number of portfolio companies, including Yunji Technology, Innogen Pharmaceutical, and CiDi Inc., successfully achieved listings across domestic and international capital markets. These achievements have, in turn, laid a more solid and enduring foundation for the Company's subsequent strategic exits. In respect of exits, the Company further advanced the pace of divestment, responding with resolve to favourable market windows and progressing exits for all projects with well-established conditions. This enabled the efficient recycling of capital, providing firm support for enhanced liquidity and a more dynamic capital cycle.

DEEPENING OPERATIONAL OPTIMISATION WHILE UPHOLDING THE PINNACLE OF SAFETY STANDARDS

First, the Company refined its debt structure. Seizing the opportunity of a relatively low Renminbi interest rate, it issued RMB4.5 billion of medium-term notes in the domestic interbank market, including RMB1.5 billion of perpetual medium-term notes. The proceeds were fully deployed to refinance offshore bank borrowings with higher cost and onshore notes upon maturity, effectively streamlining the Group's capital architecture while reducing its overall financing costs. Second, the Company advanced its talent development. It continuously strengthened mechanisms spanning selection, cultivation, management, and deployment, while enhancing reserves and dynamically refining its talent pipeline. The Company also further increased the coordination of its talent resources, orchestrating recruitment across Chinese Mainland and Hong Kong by blending social hiring with campus programmes. While vigorously strengthening internal talent cultivation, it introduced outstanding young professionals through multiple channels. The Company has established and advanced a comprehensive education and training framework to organise specialized training. 48 sessions across diverse categories were delivered with 3,276 participant attendances, continuously elevating employees' competencies. Third, the Company resolutely safeguarded the foundation of production safety. All safety arrangements were rigorously implemented, with decisive measures taken to prevent accidents. Drawing lessons from the Hong Kong fire incident, the Company immediately conducted thorough inspections and distributed protective equipment to all employees, ensuring the safety of employees' lives. Throughout the year, production safety was maintained in a stable and orderly manner.

FOCUSING ON COMMERCIAL CONSUMPTION AND SUPPORTING THE OVERSEAS EXPANSION OF THE AVIATION INDUSTRY

Firstly, we served commercial consumption. EBA continued to cultivate its commercial consumption segment and further enhanced the competitiveness of the commercial management of EBA and IMIX Park brand. EBA has established a presence in 17 commercial projects across eight core cities nationwide, including Beijing, Shanghai, Chongqing, Chengdu and Xi'an, with a cumulative managed area of nearly 3 million square metres. During the year, the IMIX Park projects under EBA served nearly 210 million consumers and more than 3,200 merchants. Among the key consumer infrastructure and urban renewal projects under EBA, Phase I and Phase II of Zhongguancun IMIX Park commenced operations successfully with a nearly 100% occupancy rate, comprehensively enhancing regional commercial activity and consumer experience. The project was recognised as the "Best Practice Project for Urban Renewal of the Year in Beijing" and was featured twice on CCTV's Xinwen Lianbo, demonstrating the Company's strong sense of corporate responsibility. Secondly, we supported the international expansion of aircraft. CALC successfully took delivery of five C909 aircraft through its associate, "TransNusa", supporting the global expansion of domestically manufactured large aircraft into the ASEAN market and beyond. CALC continued to implement its fleet strategy of investing in next-generation aircraft models for long-term sustainable development, while further strengthening its close strategic partnership of more than a decade with Airbus. As at the end of 2025, CALC had a fleet of 176 aircraft, of which 39 were leased to airlines in countries along the "Belt and Road" Initiative, with a further 26 aircraft scheduled for delivery to "Belt and Road" countries, including Turkey and Azerbaijan.

ACCELERATING FORWARD-LOOKING LAYOUT AND DRIVING STRATEGIC TRANSFORMATION

In the past two years, China attached great importance to the venture capital and equity investment industry, and introduced a series of supportive policies. In 2025, the private equity industry witnessed notable developments across various stages including fundraising, investment and exit activities, with signs of a gradual market recovery from the bottom. With stronger policy support, deeper reforms, and ongoing improvements to the regulatory system, China's private equity industry is likely to enter a new phase of high-quality development. In the next phase, the Company will seize the opportunities arising from the recovery of the industry, analyse in-depth the changing trends in both internal and external environments, enhance industry assessments, optimise and adjust strategic initiatives. The Company will also continue to advance the formulation of the "15th Five-Year Plan", and develop a scientific medium- to long-term strategic roadmap. The Company will advance strategic transformation, support national strategies and foster new quality productive forces, with focused deployment in strategic emerging industries and prospective industries, particularly those centred on breakthroughs in critical "bottleneck" core technologies. Adhering to the strategy of "early-stage, smaller-scale, and hard-technology investment", the Company serves as patient and long-term capital. Meanwhile, leveraging the regional advantage of the Greater Bay Area and its Hong Kong headquarters, the Company has accelerated the development of its international business and actively explored new models for the "Belt and Road" Initiative, cross-border finance and international cooperation.

UPHOLDING OUR COMMITMENT TO SOCIAL RESPONSIBILITY AND CREATING SOCIAL VALUE

In alignment with the Hong Kong government's green transformation policies, the Company promoted green office practices, sustainable procurement, and eco-friendly commuting. The newly opened "Zhongguancun ART PARK IMIX Park" in Beijing, thanks to its systematic application of technology and management optimization that reduce energy consumption and emissions, has emerged as a benchmark for green transformation in the capital. Furthermore, the Company showed heartfelt commitment to grassroots youth and elderly communities in Hong Kong by supporting the HKSAR Government's volunteer programmes and community initiatives. Focusing on the themes of "Affection for the Country and Hong Kong, Care for the Community, and Support for Education", the Company organised more than 70 corporate social responsibility activities, serving over 20,000 beneficiaries. Following the fatal blaze at Wang Fuk Court in Tai Po, Hong Kong, the Company coordinated donations and promptly dispatched volunteers to assist the Government's disaster relief operations, demonstrating the sense of responsibility and commitment of a central state-owned enterprise through concrete actions. Additionally, the Company sustained efforts in rural revitalisation and consumption assistance. During the reporting period, the Company maintained an "A" rating in the MSCI ESG Rating and received the "BEST ESG (S)" award from the Hong Kong Investor Relations Association (HKIRA) and the "ESG Investment" award from Bloomberg Businessweek.

The year 2025 proved both profoundly challenging and of landmark significance. The Company remained united and steadfast, continuing to deepen its foothold in the private equity investment management sector, with its strengths in long-term cultivation and professional judgment further affirmed. Meanwhile, the commercial real estate segment faced severe and persistent industry-wide pressures, presenting notable challenges to the Company's overall operations. The difficulties currently confronting the Company are cyclical and transitional in nature, which reinforces the Company's firm confidence in the resilience of China's economy and the enduring strength of its long-term fundamentals. CEL will uphold patience and strategic resolve, navigate the challenges prudently, and await the restoration of value.

Looking ahead, despite the escalation of international conflicts and geopolitical tensions, the company remains firmly convinced that the fundamental trend of China's economy — one of stability and positive growth — will not waver. The Company will draw on its professional investment team, unique cross-border platform advantages, deep industry insight, and mature risk management framework. It will continue to follow market principles and national policy directions, proactively integrate into and serve the overarching national development agenda, and remain steadfast in its commitment to the fundamental role of finance in supporting the real economy. As a "red engine" driving the development of new, high-quality productive forces, CEL will sharpen its full life-cycle project management capabilities, strengthen its risk prevention and control framework, and pursue high-quality, sustainable development with unwavering resolve. The Company strives to create lasting value for shareholders and society across economic cycles.

Lin Chun
Chairman
26 March 2026

MANAGEMENT DISCUSSION & ANALYSIS

In 2025, CEL focused on core business of private equity investment management, concentrated on the key business of fund management, steadily advanced its investment strategy, and adhered to prudent operations and high-quality development.



REVIEW AND ANALYSIS

Macro-economic and Industry Review

In 2025, the global economy demonstrated resilience amidst ongoing challenges. While risks from trade protectionism, global inflationary pressures, and fiscal instability remained, technological advancements, particularly in artificial intelligence, provided a new driving force for growth. According to projections from several international institutions, global economic growth is expected to reach approximately 3.3% in 2025, reflecting an improvement over 2024. At the same time, China's economy continued to follow a steady and positive growth trajectory. Consumption had further solidified its role as the primary engine of economic expansion, while the foundation of the real economy also strengthened. With Gross Domestic Product ("GDP") anticipated to grow by 5.0% year-on-year, China was on track to achieve its key economic and social development objectives for the year.

In 2025, Renminbi ("RMB") demonstrated resilience among the world's major currencies, holding steady against a basket of currencies and appreciating 4.4% against the US dollar ("USD"). In contrast, the Hong Kong dollar ("HKD"), pegged to the USD, depreciated relative to the RMB. The A-shares market exhibited an upward trend in 2025, led by the ChiNext Index, which surged 49.57% over the year, followed by the SSE Science and Technology Innovation Board 50 Index's 35.92% rise, and the Shanghai Composite Index's 18.41% gain marking the largest annual increase in six years. Sectors driven by technological advancement and the resource sector led the way, while real estate and other industries lagged, weighed down by cyclical pressures. Hong Kong's stock market saw a recovery in valuation in 2025, with the Hang Seng Index rising 27.77%, and the Hang Seng Technology Index advancing 23.45%, delivering its strongest annual performance since its launch in 2020. In May, HKEx introduced a "Technology Enterprises Channel", enabling companies under Chapter 18C of the Listing Rules to submit confidential applications, thereby expanding opportunities for hard technology firms to list. Hong Kong's IPO market raised over HK\$285.8 billion for the year, a notable 2.25-fold increase from the previous year, regaining its position as the global leader in IPO proceeds.

In 2025, China's equity investment industry saw an overall recovery, with significant growth in market activity. According to CVSource, both the number and value of VC/PE deals rose by approximately 30% year-on-year in 2025, driving a faster pace of industrial fundraising. Over the past few years, China's equity investment market has undergone structural changes and has its landscape of dominating forces reshaped. Long-term capital sources, such as financial asset investment companies ("AICs"), insurance funds, and government-guided funds, have steadily entered the market. While state-owned capital platforms remain dominant in scale, their role is evolving from large-scale expansion to providing targeted support in strategic sectors such as hard technology, where they serve as a stabilising anchor. The investment front has also been showing signs of recovery, with capital increasingly directed towards hard technology sectors such as artificial intelligence, semiconductor equipment, information technology and biotechnology, with over 70% of funds flowing into companies in these fields. The shift in investment logic is clear, moving towards long-term industrial empowerment. The recent recovery of the IPO market has allowed VC/PE firms to realise returns through exits, further validating the long-term potential of the hard technology sector and strengthening institutional confidence in industry-focused investments. Meanwhile, the use of diversified exit strategies, including mergers and acquisitions ("M&A") and equity transfers, has further optimised the capital circulation within the industry.

Financial Performance Analysis of 2025

Income

Key income items (in HK\$ hundred million)	2025	2024	Change
Income from contracts with customers, mainly including:	3.22	4.07	(20.9%)
— Management fee income	0.72	1.49	(51.7%)
— Performance fee and consultancy fee income	0.28	0.35	(20.0%)
Income/(loss) from investments, mainly including:	9.98	(0.54)	N/A
— Primary Market Funds	(1.02)	(1.86)	(45.2%)
In which: real estate funds	(4.48)	(4.98)	(10%)
— Secondary Market Funds	4.07	3.02	34.8%
— FoFs	1.90	(0.75)	N/A
— Principal Investments	5.03	(0.95)	N/A
In which: real estate segment	(5.09)	(2.90)	75.5%
Income from other sources	(1.13)	0.28	N/A
Share of profits less losses of associates	4.29	0.04	>100%
Share of profits less losses of joint ventures	0.07	(0.41)	N/A
Total amount of income²	16.43	3.44	>100%

During the reporting period, total amount of income of the Group was HK\$1,643 million, representing a year-on-year increase of HK\$1,299 million as compared to HK\$344 million for last year. Its income from contracts with customers decreased by HK\$85 million from the same period last year, mainly due to some funds entering their exit/extension periods, and management fees from newly established funds were offset due to consolidation and were not recognised as management fee income. In respect of income from investments, benefiting from the rebound in investment project valuations, it turned from a loss of HK\$54 million last year to a gain of HK\$998 million. However, the investment performance of primary market funds remained under pressure due to downward adjustments in valuations for certain real estate projects.

The year-on-year change in income was mainly due to the following factors:

- (1) In 2025, the Group's income from contracts with customers was HK\$322 million, representing a decrease of HK\$85 million from last year. During the reporting period, the Group realised management fee income of HK\$72 million, decreased by HK\$77 million from that of last year. Performance fee and consultancy fee income decreased by HK\$7 million from last year to HK\$28 million.

² The calculation method for total amount of income is: income from contracts with customers + income/(loss) from investments + income from other sources + share of profits less losses of associates + share of profits less losses of joint ventures. "Total amount of income" is a metric used by the Group's management to monitor business performance and financial condition, and it may not be comparable to similar items reported by other companies.

- (2) The Group recorded an income from investments of HK\$998 million, achieving a turnaround from a loss from investments of HK\$54 million for last year.

In particular, loss from primary market fund investments was HK\$102 million, reduced by HK\$84 million from a loss of HK\$186 million in the same period last year. This was mainly due to rebound in investment project valuations driven by market recovery. However, due to the downward adjustments in valuations of real estate fund-related projects, primary market fund investments remained unprofitable for the full year. Secondary market fund investments realised an income of HK\$407 million, representing a year-on-year increase of 35%. FoFs generated investment income of HK\$190 million, reversing the losses from the same period of last year. Principal investment recorded investment income of HK\$503 million during the reporting period, benefiting from valuation recoveries in certain projects, thereby reversing the losses from the same period of last year.

- (3) During the reporting period, the Group's share of profits less losses of associates was HK\$429 million, representing an increase of HK\$425 million when compared with last year. In particular, the share of profit from Everbright Securities increased by HK\$147 million compared with last year; the share of profit from CALC increased by HK\$30 million compared with last year; and the share of loss from Everbright Senior Healthcare decreased by HK\$130 million compared with last year.

Income from key business segments

Income from key business segments (in HK\$ hundred million)	2025	2024
— Income/(loss) from Fund Management Business	1.95	(2.90)
— Income from Principal Investments Business	14.48	6.34
Total amount of income	16.43	3.44

By business segments, the income from Fund Management Business of the Group during the reporting period was HK\$195 million, compared with a loss of HK\$290 million last year. The main reason for the change was the increase in investment income from HK\$41 million in the same period last year to HK\$495 million, benefiting from the market recovery.

Meanwhile, income from the Group's Principal Investments Business during the reporting period was HK\$1,448 million, representing a significant increase from HK\$634 million in the same period last year. The main reasons for the change include: (1) benefiting from market recovery and the strong performance of certain investment projects, investment income turned from a loss of HK\$95 million in the same period last year to a gain of HK\$503 million in the current reporting period; (2) during the reporting period, the share of profit from Everbright Securities increased by HK\$147 million compared to the same period last year, the share of profit from CALC increased by HK\$30 million compared to the same period last year, and the share of loss from Everbright Senior Healthcare decreased by HK\$130 million compared to the same period last year.

Profit and Loss

Profit in Key Business Segments (in HK\$ hundred million)	2025	2024	Change
Loss from Fund Management Business	(15.29)	(7.23)	>100%
In which: real estate segment	(22.76)	(11.74)	93.9%
Profit/(loss) from Principal Investments Business:	8.05	1.88	>100%
— Key investee companies	(2.46)	2.72	N/A
— Financial investments	(0.26)	(9.91)	(97.4%)
In which: real estate segment	(8.09)	(6.95)	16.4%
— Cornerstone investments	10.77	9.07	18.7%
Less: Unallocated corporate expenses, taxes and profit attributable to holders of perpetual capital securities	(12.84)	(13.74)	(6.6%)
Loss attributable to equity shareholders of the Company	(20.08)	(19.09)	5.2%

During the reporting period, net loss attributable to equity shareholders of the Company was HK\$2,008 million, compared to a loss of HK\$1,909 million last year, representing a slight increase in overall loss:

- (1) Loss from Fund Management Business was HK\$1,529 million, mainly due to the underperformance of certain real estate projects in this segment. In 2025, the Chinese Mainland real estate market remained in a prolonged downturn. In accordance with the prudence principle of financial reporting, the Group conducted a revaluation of real estate projects and recognized corresponding impairment provisions. Real estate funds recorded a loss of HK\$2,276 million, representing an increase in loss of HK\$1,102 million compared to the corresponding period last year. This included investment losses of HK\$448 million, share of losses of associates of HK\$437 million, and impairment provisions for advances to customers of HK\$1,391 million. For details of the impairment provisions for advances to customers, please refer to the “Credit Impairment Losses” section.
- (2) Principal Investments Business recorded a profit of HK\$805 million, representing an increase of HK\$617 million in the same period last year, mainly attributable to the significant improvement in financial investments resulting from a reduction in losses from HK\$991 million last year to HK\$26 million.

Dividends

Per share (HK\$)	2025	2024	Change
Loss per share	(1.19)	(1.13)	(4%)
Interim dividend per share	0.05	0.05	—
Final dividend per share	0.05	0.05	—
Total dividend per share	0.10	0.10	—

Loss attributable to equity shareholders of the Company for the year was HK\$2,008 million, and net cash inflows from operating activities amounted to HK\$545 million. During the reporting period, the Group had sufficient liquidity with solid overall financial, business and operating conditions. Following the practice of sharing the Group’s operating results with shareholders, the Board declared final dividend of HK\$0.05 per share for 2025 (2024 final dividend: HK\$0.05 per share).

Key Financial Ratios

Key financial data ³	2025	2024	Change
Gearing ratio ⁴	92.2%	92.3%	–0.1 ppt
Net gearing ratio ⁵	86.2%	86.8%	–0.6 ppt
Debt-to-asset ratio ⁶	56.4%	56.3%	+0.1 ppt
Current ratio ⁷	140.0%	135.6%	+4.4 ppt

The Group implemented refined cost control through wider technology and electronic application to boost operational efficiency. Operating costs⁸ for this year amounted to HK\$763 million, representing a year-on-year decrease of 7.4%. This reduction highlights the positive impact of the Group's efforts in cost control and efficiency improvement.

Due to the losses incurred during the year, the Group's total equity decreased from HK\$32.7 billion at the end of last year to HK\$32.1 billion at the end of the year, which had a negative impact on the gearing ratio. However, the Group took proactive measures on deleveraging, successfully reducing its interest-bearing liabilities by HK\$500 million, from HK\$30.1 billion at the beginning of the year to HK\$29.6 billion at the end of the year. As of the end of December 2025, the Group's gearing ratio was 92.2%, a decrease of 0.1 percentage points as compared to the end of 2024. The Group's available cash reserves as of the end of December 2025 amounted to HK\$1,933 million (as of the end of 2024: HK\$1,786 million). Excluding the impact of available cash, the net gearing ratio was 86.2%, representing a decrease of 0.6 percentage points as compared to the end of 2024.

As of the end of December 2025, the Group had cash and cash equivalents of approximately HK\$8,504 million, with available and unutilised bank facilities of approximately HK\$10.0 billion, maintaining sufficient liquidity and a strong financial position.

³ The gearing ratio, debt-to-asset ratio and current ratio are the measures used by the management of the Group for monitoring business performance and financial position. These may not be comparable to similar measures presented by other companies

⁴ The gearing ratio is calculated as interest-bearing debt (including bank loans + bonds payable)/total equity x 100%

⁵ The net gearing ratio is calculated as (interest-bearing debt — available cash)/total equity x 100%

⁶ The debt-to-asset ratio is calculated as (total liabilities/total assets) x 100%

⁷ The current ratio is calculated as (current assets/current liabilities) x 100%

⁸ Operating costs include staff costs, depreciation and amortisation expenses and other operating expenses

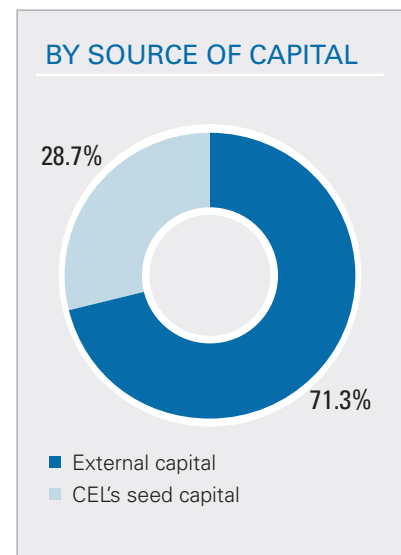
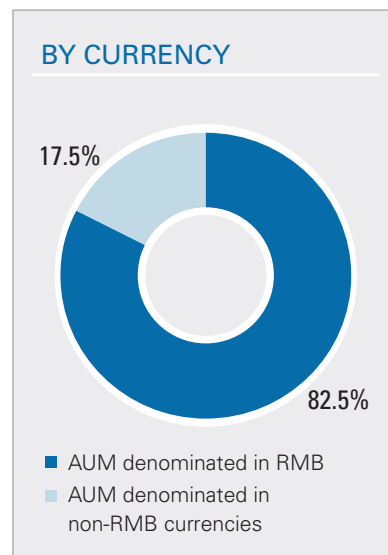
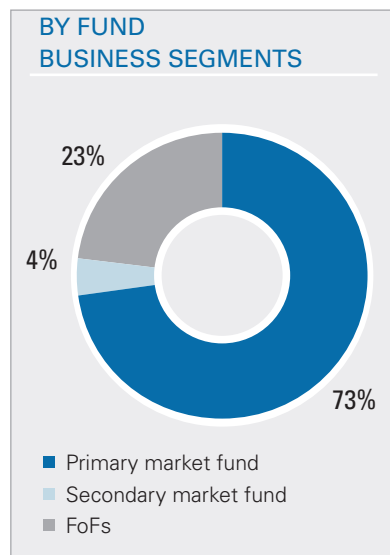
Business Performance Analysis

Fund Management Business

As of 31 December 2025, total AUM of CEL's funds amounted to approximately HK\$121.4 billion, representing an increase of approximately HK\$4.0 billion as compared to the end of last year. The increase in AUM was mainly attributable to the successful establishment of four funds during the reporting period, namely "Xiamen Marine High-tech Industrial Development Fund" (廈門海洋高新產業發展基金), "Huaian Hongze Guangqi Fund" (淮安洪澤光啟基金), "Changxing CEL Fund-of-Funds" (長興光控母基金), and "Yingtian Fund" (鷹潭基金), which resulted in a new fund-raising of approximately HK\$4,982 million.

CEL's funds have extensive sources of funding, with the majority of its external investors being institutional investors with a diversified mix covering, amongst others, commercial banks, insurance companies, family offices and government agencies. In terms of currency, funds denominated in RMB and all other currencies were equivalent to approximately HK\$100.2 billion and HK\$21.2 billion and accounting for 82.5% and 17.5% of the total amount respectively. In terms of nature of funds, the Company's Fund Management Business included 43 primary market funds (including one real estate investment fund), 18 secondary market funds and discretionary accounts, and 10 FoFs products.

During the reporting period, CEL captured key investment themes such as hard technologies and strengthened its support for the real economy. During the reporting period, the Fund Management Business made capital contributions of approximately HK\$750 million to 25 new investment projects. It also seized the opportunities to exit mature projects, achieving full or partial exits from 83 projects, resulting in a capital inflow of approximately HK\$3,277 million at the fund level.



Primary Market Funds

As of 31 December 2025, there were 43 primary market fund products (including one real estate investment fund) under the management of CEL, with an aggregate AUM equivalent to approximately HK\$89.1 billion and scope of investment covering various industries including semiconductors, industrial internet, biopharmaceuticals, high-end manufacturing, marine economy and real estate management. Meanwhile, CEL has been actively fostering New Quality Productive Forces and advancing its strategic transformation towards high-quality development, with focused deployment in strategic emerging industries and prospective industries, particularly those centred on breakthroughs in critical “bottleneck” core technologies. By currency, worth of RMB-denominated funds was approximately HK\$71.9 billion and funds in other currencies was approximately HK\$17.2 billion, accounting for 80.7% and 19.3% respectively. During the reporting period, CEL achieved considerable investment returns and cash flow recovery through diversified exit channels, including the disposal of shares in listed companies and equity transfers.

CEL has built a comprehensive platform for primary market equity funds. Leveraging a diversified fund structure and leading integrated capabilities, it has pursued cross-border deployment from a “China perspective”. Its managed funds have spanned the new economy, marine economy, biopharmaceuticals, artificial intelligence, and green development, maintaining a continuous presence in emerging industries and frontier sectors. CEL delivers full-lifecycle equity financing to enterprises, from start-up and growth through to maturity.

Secondary Market Funds

As of 31 December 2025, CEL’s secondary market business managed a total of 18 funds and discretionary accounts with AUM in terms of net worth of approximately HK\$4.3 billion. By product type, fixed-income products accounted for 92%, while equity products represented 8% of AUM.

With years of cross-border experience and by leveraging on its investment capabilities, CEL’s secondary market funds have built a one-stop portfolio, which covers Asian credit bond hedge funds, Asian convertible bond hedge funds, domestic multi-strategy funds (including private fund managers and institutional investors) and investment advisory business.

CEL has well diversified fixed income products covering offshore funds, QFII managed accounts, offshore managed accounts and asset securitisation products. Everbright Convertible Opportunities Fund, a flagship Asian convertible bond product, delivered superior results during the reporting period. Further, CEL’s secondary market team was awarded by China Securities Journal the “One-Year Golden Bull Overseas Private Fund Manager (Bond Strategy)” at the 9th Overseas Fund Golden Bull Awards in recognising its investment capability and comprehensive strength.

Fund of Funds

CEL’s FoFs not only invest in external funds with proven track records and robust governance, but also invest in funds launched and managed by the Company, and coinvest or directly invest in equity projects. As of 31 December 2025, the FoFs team managed 10 FoFs with an AUM equivalent to approximately HK\$28.0 billion. During the reporting period, the Changxing CEL Fund of Funds was established with an initial collaboration of RMB1.0 billion, further advancing CEL’s industrial investment presence in the Yangtze River Delta and supporting Changxing’s economic development.

The Company’s FoFs business has established an investment matrix primarily targeting information technology, biopharmaceuticals, consumption and entertainment, and technology manufacturing, with active collaborations with well-established major (white horse) managers, emerging and promising (dark horse) managers, and leading managers in specialised sectors both domestically and internationally. As of 31 December 2025, there were 105 portfolio projects under the FoFs, including sub-funds and direct investments, with focused emphasis on biopharmaceutical and semiconductor sectors. CEL actively supported national strategies to advance breakthroughs in critical “bottleneck” technologies, while seizing the low-valuation window in the biopharmaceutical sector to step up investment in high-quality projects.

Across the underlying projects of its sub-funds and direct investments, the FoFs had a total of 182 portfolio companies listed. During the reporting period, 16 additional companies completed listings, including Innogen Pharmaceutical from the direct investment portfolio, while several other projects were in IPO filing. Having cultivated its presence in the FoF sector over many years, CEL continued to receive strong industry recognition, receiving multiple prestigious awards and further elevating its brand influence, underscoring its outstanding capabilities and leading position in the industry.

Real Estate Investment and Asset Management Business

As of 31 December 2025, CEL held 29.17% equity interest in Everbright Jiabao, an A-share listed company (stock code: 600622.SH), as its largest shareholder. Everbright Jiabao managed 50 projects through the platform under EBA Investments, including 21 investment management projects being under management, with total fund size under management of approximately RMB22.0 billion (equivalent to approximately HK\$24.3 billion) and asset under management of approximately RMB47.3 billion (equivalent to approximately HK\$52.4 billion). During the reporting period, Everbright Jiabao/EBA Investments coordinated efforts to stabilise operations, control risks, strengthen asset management, and support people's livelihoods, leveraging asset management to drive real-economy development and promote public well-being.

During the reporting period, Everbright Jiabao/EBA Investments intensified their focus on the commercial consumption sector, leveraging their proprietary "IMIX Parks" brand to build distinctive commercial and consumer operation capabilities. This has facilitated the successful opening of multiple projects, including Zhongguancun Art Park IMIX Park in Beijing, Health IMIX Park in Nanjing, and Jinjiang IMIX Park in Chengdu. As of the end of the reporting period, EBA Investments and its subsidiaries, through fund investments or entrusted management, managed 17 commercial consumption projects under the "IMIX Parks" brand across multiple municipalities and regional consumer hubs, energizing consumer activities with a diverse business portfolio and innovative experiences. Everbright Jiabao/EBA Investments also actively responded to the Central Government's call for ongoing urban renewal, advancing high-quality revitalisation of the Zhongguancun project. For the third consecutive year, the project was included in Beijing's Key Project Plan, recognised as one of six new consumer landmarks in the city, and awarded "Beijing Urban Renewal Annual Best Practice Project" at the 4th Beijing Urban Renewal Forum. In addition, EBA Investments continued to expand its entrusted construction and management business under the "安石建管" brand, initiating and reserving multiple new projects during the reporting period. Leveraging its strong project execution and market reputation, EBA Investments ranked 1st for the eleventh consecutive year in the "Top 10 Comprehensive Capability of China Real Estate Funds", published by Beijing China Index Academy and other organisations.

Principal Investments Business

The Company strives to achieve the following 3 objectives through principal investments: (1) Key Investee Companies: investing in and fostering enterprises with synergy between industry and finance and promising development prospects; (2) Financial Investments: maintaining flexible liquidity management through investment in equity and debt products and obtaining stable interest income; capitalising on co-investment opportunities brought by the Fund Management Business and participating in equity and related financial investments to obtain investment returns; (3) Cornerstone Investments: holding a portion of the equity interest in China Everbright Bank and Everbright Securities to obtain stable dividends and investment returns.

As of the end of December 2025, the Principal Investments Business managed 53 post-investment projects with an aggregate carrying value of approximately HK\$32.5 billion. Among these projects, the total carrying amount of equity interest held in CALC, Everbright Senior Healthcare and Terminus was approximately HK\$4.4 billion; the fair value of Financial Investments was approximately HK\$8.1 billion; the fair value of the Cornerstone Investments in China Everbright Bank was HK\$6.0 billion, and the carrying amount of Everbright Securities accounted for as an associate was HK\$14.0 billion.

Principal investments (in HK\$ hundred million)	2025	2024
— Key Investee Companies	44	50
— Financial Investments	81	71
— Cornerstone Investments	200	198
Total	325	319

Key Investee Companies

CALC

As of 31 December 2025, CEL held 37.89% of the equity interest in CALC (stock code: 1848.HK) and was its largest shareholder. CALC is a one-stop full life-cycle solutions provider for the global aviation sector. CALC's scope of business includes regular operations such as aircraft operating leasing, leaseback after purchase, aircraft asset package transactions and asset management, and value-added services such as fleet upgrading, aircraft maintenance, aircraft disassembling and parts selling, as well as the enhancement of fleet asset value through flexible aircraft asset management. At the same time, CALC has the advantages of dual-platform financing, leasing and sales channels, as well as a strong capability and rich experience in both domestic and overseas financing. Meanwhile, CALC is also a pioneer in advocating the commercialisation of overseas operations of China-made aircraft and firmly adheres to the national civil aviation strategy. Throughout 2025, CALC's core business advanced steadily, with operational quality and efficiency continually enhanced, and its core competitive capabilities progressively strengthened. As of 31 December 2025, CALC had a fleet of 176 aircraft, consisting of 149 owned aircraft and 27 managed aircraft. CALC's owned and managed aircraft are leased to 40 airlines in 20 countries and regions.

Everbright Senior Healthcare

Everbright Senior Healthcare capitalised on opportunities in China's eldercare industry, concentrating on institutional eldercare as its core business and developing distinctive services that combine "medical and wellness care" with "eldercare finance." As of 31 December 2025, Everbright Senior Healthcare has 233 institutions of various types which include institutional and community service centres, forming a deployment covering the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Chengdu-Chongqing Economic Circle. Managed beds totalled 30,300, with occupancy rising by 4.04%. Community-based home eldercare services increased by 143,000 person-times year-on-year, with the core business model based on government-purchased services. Smart eldercare has been a core strategic priority for Everbright Senior Healthcare. Through independent R&D and open collaboration, the entity has continuously pursued innovative applications. Guided by standardisation, branding initiatives, and digital intelligence, and supported by a smart operations management platform, it achieved full coverage of all 122 eldercare institutions under its management, enabling operational management to be measurable, traceable, and optimisable.

Terminus

During the reporting period, Terminus continued to advance its technology research and development, with a strategic focus on the digital and intelligent transformation of the AI industry. Leveraging its self-developed hardware computing clusters (intelligent computing servers) and software platforms, such as the HALI agent system, Terminus integrates AIoT technologies with specific industry needs. Its solutions cover four core application scenarios, namely AI-driven industrial digitalisation and intelligence, AI-enabled smart cities, AI-powered smart living, and AI-enabled smart energy, providing one-stop solutions for a range of applications including smart industrial parks, urban public security, smart communities and energy management platforms. In 2025, Terminus was recognised as a national-level "Little Giant" enterprise for specialised, refined and innovative businesses (國家級專精特新「小巨人」企業).

Financial Investments

The Company's Financial Investments funded by its own capital cover the following aspects: (1) based on the investment/co-investment opportunities brought by the Company's funds and extensive business network, investing in the equity or debt of unlisted companies; (2) investing in structured financing products with a balance in return and liquidity. As of 31 December 2025, the Company's financial investments amounted to HK\$8.1 billion in various sectors including real estate, new economy and technology, artificial intelligence and advanced manufacturing, and green investments, with the aggregate carrying value of the top 10 projects amounting to HK\$4.4 billion.

Cornerstone Investments

As of 31 December 2025, the carrying amount of a certain portion of equity interests in Everbright Securities and China Everbright Bank held by the Group as Cornerstone Investments each accounted for more than 5% of the Group's total assets, and these two investments were regarded as significant investments of the Group. These two Cornerstone Investments held by the Group accounted for in aggregate 62.4% and 27.2% of the Group's net assets and total assets, respectively.

Everbright Securities (601788.SH)

Established in 1996 with its headquarters in Shanghai, Everbright Securities is one of the first 3 innovative pilot securities firms approved by the China Securities Regulatory Commission. As of the end of December 2025, the Group held 956 million A-shares in Everbright Securities, representing 20.73% of its total share capital, with an investment cost of HK\$1,497 million. Everbright Securities is accounted for as an associate of the Group. The carrying value of the shares held by the Group was HK\$13.986 billion, accounting for 43.5% and 19.0% of the Group's net assets and total assets respectively. Based on the closing price of RMB17.55 per share as of 31 December 2025, the fair value of the shares in Everbright Securities held by the Group was HK\$18.6 billion. During the reporting period, the Group's share of profit from an investment in associate attributable to Everbright Securities was HK\$755 million, representing a year-on-year increase of 24.2%.

China Everbright Bank (601818.SH)

Established in August 1992, China Everbright Bank is a national joint-stock commercial bank approved by the State Council and the People's Bank of China. As of the end of December 2025, the Group held 1.57 billion A-shares in China Everbright Bank, representing 2.66% of its total share capital, with an investment cost of HK\$1,407 million. The shares in China Everbright Bank held by the Group are accounted for as equity investments designated at fair value through other comprehensive income. Based on the closing price of RMB3.49 per share as of 31 December 2025, the carrying amount and fair value of the shares in China Everbright Bank held by the Group amounted to HK\$6.0 billion, accounting for 19.0% and 8.2% of the Group's net assets and total assets respectively. During the reporting period, the Group's income from China Everbright Bank was HK\$323 million, representing a year-on-year increase of 8.0%.

OUTLOOK

Looking ahead to 2026, the global economy is expected to continue navigating a complex and volatile landscape in its pursuit of recovery. Geopolitical tensions, trade barriers, financial market fluctuations, and other uncertainty factors persist, posing ongoing challenges to China's foreign demand and supply chain stability. Yet China's economic resilience, substantial growth potential, and fundamentally positive long-term outlook remain unchanged. Building on the successful conclusion of the 14th Five-Year Plan, the 15th Five-Year Plan is set to commence steadily. Macroeconomic policies are expected to maintain continuity, stability, and targeted focus, with proactive fiscal measures and prudent, flexible monetary policies working in concert to further consolidate the foundation for economic recovery. New Quality Productive Forces, powered by technological innovation, will accelerate in scale and influence, establishing new growth hubs in key areas such as the digital economy, green and low-carbon development, and advanced manufacturing, injecting enduring momentum into high-quality development.

China's private equity industry entered a period of recovery in 2025, as patient capital from banks, insurance funds, and government-guided funds accelerated their participation. Fueled by the dual drivers of policy support and industrial transformation, the industry gradually reached its recovery inflection point. Looking ahead, investment themes are set to concentrate on strategic national priorities, including hard technology, advanced manufacturing, green and low-carbon development, and the digital economy, with industries linked to New Quality Productive Forces forming the core of capital allocation. Exit channels are also expected to broaden further. With the number of A-share listings becoming increasingly stable and reforms in the Hong Kong stock market deepening, IPOs will remain a primary exit route, while M&A and corporate restructuring, equity transfers, and S funds will continue to rise in importance, supporting a robust "investment — exit — reinvestment" cycle within the sector. In 2026, the private equity segment will closely align with the national 15th Five-Year Plan, advancing key objectives such as direct financing for the real economy and supporting China's technological innovation strategy, while steadily progressing toward a more rational, professional, and value-driven stage of high-quality development.

As an institution with deep industry insight, sophisticated post-investment management capabilities, and a comprehensive ecosystem of resources, CEL will capitalise on opportunities arising from the industry's recovery, further honing its analysis of and strategically leveraging industry trends and innovative investment opportunities. Anchored on hard technology as its core investment focus, it will continue to advance its private fund investment management business; cultivate professional capabilities across the full lifecycle of fundraising, investment, management, exit, and transfer; deepen research insights and value discovery; maintain a steadfast focus on long-term value; fully leverage its equity investment strengths; and execute the "five major articles" of finance with distinction.

In fundraising, CEL will fully mobilise resources to strengthen fundraising and drive the establishment of new funds. It will intensify fundraising efforts and deepen collaboration with local governments, listed companies, and other LPs to actively attract patient and long-term capital, directing these competitive resources toward establishing funds focused on early-stage, smaller-scale, hard-technology, and long-term investments. CEL will accelerate the deployment of already-approved funds and aims to launch a new batch of high-quality funds in 2026. **On the investment front, CEL will adhere to national strategies and capitalise on emerging opportunities in strategic industries.** It will enhance industry research and investment research systems, cultivating New Quality Productive Forces. Priority will be given to strategic emerging and prospective industries, supporting breakthroughs in key core technologies and the commercialisation of results, thereby contributing to high-level technological self-reliances. **With respect to management, CEL will strengthen collaborative oversight to empower portfolio companies toward high-quality development.** Leveraging the Everbright Group's integrated financial and industry — finance synergies, it will enhance business across core businesses collaboration to build differentiated competitiveness in project sourcing, risk management, and diversified exit channels. Post-investment services will be systematically improved to provide in-depth support, enabling portfolio companies to optimise performance while actively addressing the diverse needs of LPs and consistently cultivating a professional and reliable post-investment management brand. **Regarding exits, CEL will cultivate diversified, market-driven channels to enhance efficiency.** For projects already listed, the Company will proactively seize opportunities presented by the recovery of secondary market valuations to execute orderly exits. It will continue to expand multiple exit paths, including M&A and corporate restructuring, old equity transfers, and S funds, while systematically optimising the timing and structure of portfolio exits to accelerate capital recycling, realise value, and maximise overall investment returns.

Looking ahead, CEL will concentrate on its core businesses and key responsibilities, continuously monitoring and researching frontier technologies while fully leveraging its cross-border platform advantages. It will actively advance the development and expansion of new business initiatives under the guidance of the “five major articles”. By pursuing steady progress, fostering stability through advancement, and enhancing quality and efficiency, CEL will support the establishment of a new development framework and drive high-quality growth. Firmly committed to enhancing intrinsic value, CEL will strengthen the foundation for sustainable development through prudent operations and strategic deepening, with the goal of delivering long-term, stable, and shared returns to all Shareholders.

FINANCIAL POSITION

As at 31 December 2025, the Group's total assets amounted to HK\$73.783 billion (31 December 2024: HK\$74.686 billion) with net assets amounting to HK\$32.141 billion (31 December 2024: HK\$32.650 billion). Equity attributable to the Company's shareholders was HK\$27.396 billion (31 December 2024: HK\$29.727 billion) and equity attributable to shareholders of the Company per share was HK\$16.26 (31 December 2024: HK\$17.64).

FINANCIAL RESOURCES

The Group adopts a prudent approach in liquidity management to ensure liquidity risk control and reduce the cost of funds. The Group finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2025, the Group had cash and cash equivalents of HK\$8.504 billion (31 December 2024: HK\$8.422 billion). Currently, most of the Group's cash is denominated in Hong Kong dollars and Renminbi.

BORROWING

As at 31 December 2025, the Group's interest-bearing borrowings amounted to HK\$29.631 billion (31 December 2024: HK\$30.123 billion). The Group will review and ensure sufficient banking facilities to reserve resources to support its business development. As at 31 December 2025, the Group had banking facilities of HK\$22.421 billion (31 December 2024: HK\$21.415 billion), of which HK\$9.957 billion (31 December 2024: HK\$8.030 billion) had not been utilised. The banking facilities were of one to ten years terms. The Group had outstanding bank loans of HK\$12.470 billion (31 December 2024: HK\$13.385 billion), which decreased by HK\$0.915 billion compared with 31 December 2024, of which HK\$11.658 billion (31 December 2024: HK\$12.493 billion) was unsecured. The Group had issued corporate bonds with an outstanding principal amount of HK\$17.161 billion (31 December 2024: HK\$16.738 billion). The interest bearing borrowings were denominated in Renminbi and Hong Kong dollars, representing 73%, 27% of the total respectively. As at 31 December 2025, approximately 70% of the Group's total principal amount of borrowing were at floating rates and the remaining 30% were at fixed rates. The maturity profile of the Group's borrowings is set out in note 20 of the Notes to the Financial Statements in this report.

PLEDGE OF ASSETS

As at 31 December 2025, restricted bank balances of HK\$31 million (31 December 2024: HK\$32 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings. Investment properties with carrying values of HK\$2,347 million (31 December 2024: HK\$2,289 million) were mortgaged to secure certain bank loans granted to the Group. Pursuant to the prime brokerage agreements entered with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2025, assets deposited with the prime brokers included HK\$1,352 million (31 December 2024: HK\$1,238 million) and HK\$159.2 million (31 December 2024: HK\$111.4 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans is set out in note 16 of the Notes to the Financial Statements in this report.

CREDIT IMPAIRMENT LOSSES

The Group conducts periodic impairment assessments of advances to customers in accordance with the Expected Credit Loss Model under Hong Kong Financial Reporting Standards (HKFRS) and has established management policies and procedures for impairment provisions on credit-related assets for governing purpose. In accordance with the requirements of HKFRS 9, the Group classifies items into three stages for assessment to reflect changes in credit risk since initial recognition: for items where there has been no significant increase in credit risk as of the assessment date, provisions are booked in an amount equivalent to the expected credit losses over the next 12 months; for items where credit risk has increased significantly as of the assessment date, provisions are booked in an amount equivalent to the expected credit losses over the remaining period. Other key parameters and assumptions used in the model include probability of default, loss given default, exposure at default and discount rate. Periodic impairment assessments primarily focus on changes in probability of default and loss given default, with the former determined by mapping internal risk ratings (with initial ratings assigned aligning to the nature of the underlying assets, such as tenor of the advances and absence of collateral, etc.) to the implied default ratio corresponding to the equivalent S&P market risk ratings, taking full account of factors such as the stage of the project, the borrower's repayment capacity, and the seniority and subordination structure etc., whereas the latter requires attention to changes in the valuation of the underlying assets, changes in the valuation of collateral and the probability of its disposal etc., and is generally calculated as a weighted average across optimistic, neutral and pessimistic scenarios. Please refer to note 39(a) to the financial statements for details of the changes in methods and parameters used.

The impairment loss for the year had an impact of HK\$1.637 billion on the consolidated statement of profit or loss, primarily attributable to an impairment loss of HK\$1.391 billion arising from the real estate segment under the Fund Management Business. The provision for impairment of advances to customers on the balance sheet increased from HK\$1.103 billion as of the end of 2024 to HK\$2.456 billion as of the end of 2025. The main reasons for the rise in provisions include, but are not limited to, the following aspects: firstly, property-related exposures have increased significantly during the year due to the continued downturn in domestic real estate market and the slowdown in macroeconomic growth; secondly, there are signs of a deterioration in overall asset quality, with the repayment capacity of some customers weakened by liquidity pressures, leading to a higher probability of default in the loan portfolio; meanwhile, the oversupply in the domestic commercial real estate market, sluggish rental recovery and pressure on property valuations have also had an adverse impact on the repayment capacity of some borrowers; finally, the currency of the underlying projects has appreciated significantly against the booking currency. In summary, to more accurately reflect credit risk, the Group has updated the models and key assumptions used to measure expected credit losses, and has correspondingly increased the level of provisions.

EMPLOYEES

As at 31 December 2025, the Group's headquarters and wholly owned subsidiaries had 240 (31 December 2024: 242) full-time employees. The Group ensures that the remuneration packages for employees are fair and competitive and are determined by position, duties, experience and performance of employees. Other benefits to employees include medical insurance, retirement scheme and training programmes.

EBA YIDA

In August 2020, Zhuhai EBA Yida Management Centre, L.P. ("EBA Yida") was established by EBA Investments to use appropriate channels and methods to invest in real estate projects, primarily for urban renewal, focusing on investing in first-tier cities in China as well as second- and third-tier cities with a healthy and well-developed real estate market in China. The following table sets forth information on the major projects invested by EBA Yida during the reporting period:

Name of Key Project	Business Type	Location	Investment Type
Beijing Zhongguancun Project	Consumer infrastructure	Beijing	Convertible bonds
Chongqing Chaotianmen Project	Commercial complex	Chongqing	Fund interest investment
EBA Centre Project	Commercial complex	Shanghai	Fund interest investment
Parkview Place	Commercial office	Beijing	Fund interest investment
EBA Centre Hongqiao Project	Commercial complex	Shanghai	Fund interest investment

PRINCIPLE RISKS AND UNCERTAINTIES

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group's risk management objectives are to maximise shareholders' value and to reduce volatility in earnings while maintaining risk exposures within acceptable limits.

The Group's work in the area of risk management is executed by the Risk Management, Legal and Compliance Department and is led by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department. This functional structure can assess, identify and document the Group's risk profile to ensure that the business units focus, control and systematically avoid potential risks in various business areas. The following is a brief description of the Group's approach in managing these risks.

(a) Credit risk

The Group's credit risk is primarily attributable to advances to customers, accounts receivable, debt investments and unlisted derivative financial instruments.

Credit risk management framework

The Group has formulated a comprehensive set of credit risk management policies and procedures, and appropriate credit risk limits to manage and control credit risk that may arise. These policies, procedures and credit risk limits are regularly reviewed and updated to cope with the changes in market conditions and business strategies.

The Group's organisational structure establishes a clear set of authority and responsibility for monitoring compliance with policies, procedures and limits.

The Vice President of the Group in charge of Risk Management, Legal and Compliance who reports directly to the Audit and Risk Management Committee, takes charge of credit risk management and is also responsible for the control of credit risk exposures of the Group in line with the credit risk management principles and requirements set by the Group.

Credit risk management is embedded within all business units of the Group. The first line of defense against undesirable outcomes is the business function and the respective line managers. Department heads of their own business areas take the lead role with respect to implementing and maintaining appropriate credit risk controls. Risk Management, Legal and Compliance Department, which is independent from the business units, is responsible for the management of credit risks and it is an ongoing process for identifying, measuring, monitoring and controlling credit risk to ensure effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. It is also responsible for the design, development and maintenance of the Group's internal rating system and it ensures that the system complies with the relevant regulatory requirements. Credit risk is approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department and reported to Audit and Risk Management Committee quarterly.

For advances to customers, generally collaterals would be advised to be pledged before advances are granted. The amount of advances permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required.

The impairment provisions for advances to customers are made based on the results calculated by the Group using the expected credit loss model, with primary reference to the third-party appraiser's forecasts of underlying project's valuation, and taking into account changes in the probability of default and recovery ratio of loans. The Group will assess the expected credit risk and impairment on an ongoing basis and communicate with the management and/or Board on the impact of the relevant events on specific projects and on the financial reporting of the Group in a timely manner in accordance with internal procedures. At the same time, the Group will take measure as and when appropriate to facilitate cash recovery.

Accounts receivable mainly arise from the Group's investment activities. Receivables from brokers and counterparties are normally repayable on demand. The Group has established procedures in the selection of brokers/counterparties with sound credit ratings and/or reputation.

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties respectively have sound credit ratings.

The Group has well-defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at the end of the reporting period, the Group did not have a significant concentration of credit risk.

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, at the end of the reporting period, deducting any impairment allowance.

(b) Liquidity risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

For subsidiaries with statutory 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.

(c) Interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range.

The Group's interest rate positions arise from treasury and operating activities. Interest rate risk arises from treasury management, customer financing and investment portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. Interest rate risk is managed by the Finance and Accounting Department under the delegated authority of the Board and is monitored by the Risk Management, Legal and Compliance Department. The instruments used to manage interest rate risk include time deposits and interest rate linked derivatives, if necessary.

The Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Group's interest-bearing financial instruments, the Group's policy is to mainly transact in financial instruments that mature or reprice in the short to medium term. Accordingly, the Group would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(d) Currency risk

The Group's exposure to currency risk primarily stems from holding of monetary assets and liabilities denominated in foreign currencies, other than Hong Kong dollars and net investment in foreign operations. As most of the Group's monetary assets and liabilities and net investment in foreign operations are denominated in Hong Kong dollars, Renminbi, United States dollars and Singapore dollars, management is aware of the likely increase in volatility in these currencies and takes a balanced view when considering the management of currency risk.

Overall, the Group monitors its currency exposure closely and would consider hedging significant currency exposure should the need arise.

(e) Equity price risk

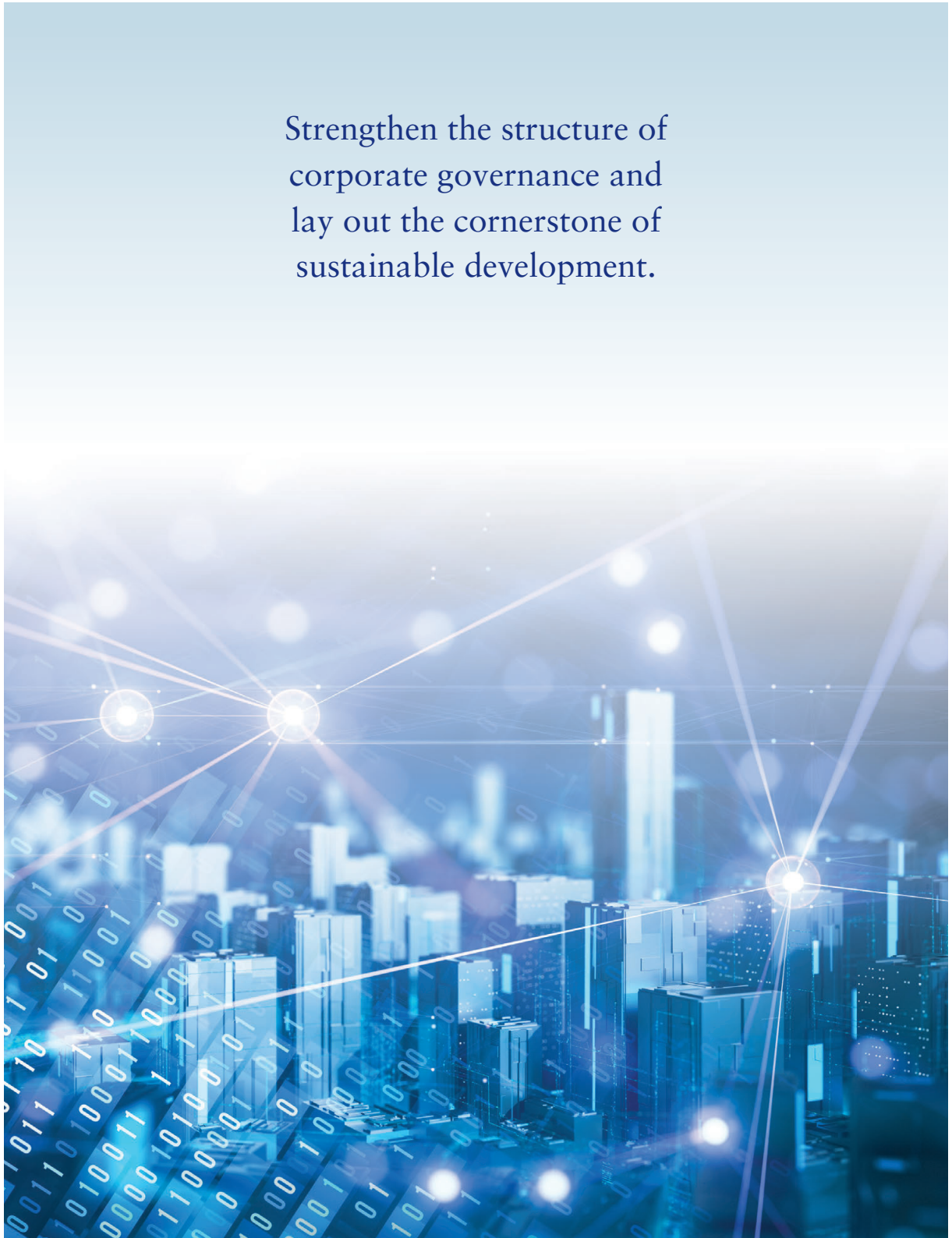
The Group is exposed to equity price changes arising from equity investments classified as trading securities, equity investments designated at fair value through other comprehensive income (note 10) and financial assets at fair value through profit or loss (note 11). Other than unlisted securities held for medium to long-term purposes, all of these investments are listed.

The Group's investments in listed equity instruments are mainly listed on the Stock Exchange of Hong Kong, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, Nasdaq and the New York Stock Exchange. Decisions to buy or sell trading securities rest with assigned investment team professionals and each investment portfolio is governed by specific investment and risk management guidelines. Independent daily monitoring of each portfolio against the corresponding guidelines is carried out by the Risk Management, Legal and Compliance Department. Listed equity instruments held in the equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss portfolio have been chosen based on their medium to long-term growth potential and are monitored regularly for performance against expectations.

The performance of the Group's investments in unquoted equity instruments is assessed periodically, based on the information available to the Group.

CORPORATE GOVERNANCE REPORT

Strengthen the structure of
corporate governance and
lay out the cornerstone of
sustainable development.

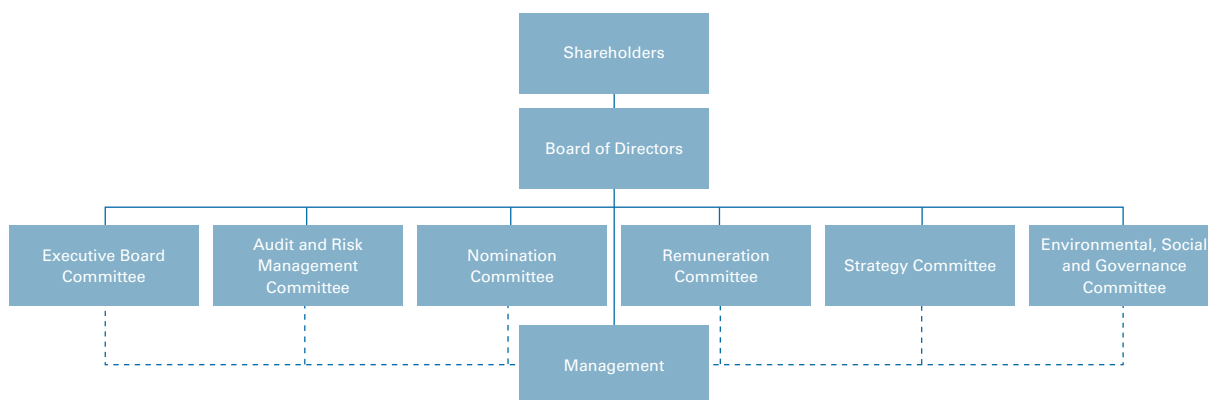


GOVERNANCE PRINCIPLES AND STRUCTURE

China Everbright Limited (“CEL” or the “Company”) and its subsidiaries (the “Group”) always aim to comply with established corporate governance best practices, and the core value of the Company is to protect the interests of its shareholders (the “Shareholders”), customers, staff and other stakeholders. It is committed to strictly abiding by the laws and regulations of Hong Kong and observing the rules and guidelines issued by the relevant regulatory authorities such as the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company also constantly reviews its corporate governance practices to meet international and local best practices including the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). One of the core values of the Company is that the highest standard of integrity is essential to business development.

The Company recognises the importance of high standards of corporate governance and maintains an effective corporate governance framework which contributes to the long-term success of CEL. The Company is also strongly committed to embracing and enhancing sound corporate governance principles and practices. The established and well-structured corporate governance framework directs and regulates the business ethical conduct of the Company, thereby protecting and upholding the value of the Shareholders and its stakeholders as a whole in a sustainable manner.

CEL’s corporate governance structure is set out as follows:



Detailed information on the composition of the Company’s board (the “Board”) of directors (the “Director(s)”) and various Board committees of the Company, their Terms of Reference can be found on the Company’s website under “Investor Relations” column.

The Board would like to confirm that, following careful examination and review, the Company has complied with all code provisions of the CG Code that were in force for the year ended 31 December 2025.

CORPORATE CULTURE AND STRATEGY

The Company’s purpose is to be “China’s cross-border asset management industry pioneer”. With over 28 years’ experience in cross-border asset management and PE investments, the Board is committed to maintaining the development requirements of the Company and promoting a positive and progressive culture to its stakeholders to achieve its purpose. The Company’s Vision is “To innovate the asset management industry by creating leading-edge investment solutions”. CEL’s understanding of clients’ experience and its long-term investment philosophy provides favourable conditions to achieve higher returns. The Company’s Value (Corporate Philosophy) is “The Power to Transform — Focus and long-term drive, Transforming challenge into opportunities”. With a firm footing in Hong Kong — a true bridge between East and West — an international platform, and specialised sector focused teams, CEL is well-positioned to take advantage of the long-term opportunities presented by changes in the global markets, to respond flexibly, and to become a pioneer in Chinese cross-border investment and asset management.

BOARD

Composition of the Board

The Company is led by the Board that is effective and of quality. The Board is charged with promoting the success of CEL by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company, so as to bring maximum value to the Shareholders in the long term and practically fulfill its obligations to the stakeholders of the Group. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated. As at the date of this report, the Board has eight Directors, made up of four Executive Directors and four Independent Non-executive Directors ("INED(s)"). The Board members are set out as follows:

EXECUTIVE DIRECTORS	LENGTH OF TENURE (as at the date of this report/ up to the term of office)
◆ Mr. Lin Chun (Chairman)	2 years and 2 months
◆ Mr. Pan Jianyun (<i>appointed on 27 March 2025</i>)	1 year
◆ Mr. An Xuesong	1 year and 11 months
◆ Dr. Su Yang (<i>appointed on 18 December 2025</i>)	3 months
◆ Ms. Wang Yun (<i>resigned on 27 March 2025</i>)	1 year and 10 months
◆ Mr. Yin Yanwu (<i>resigned on 18 December 2025</i>)	3 years and 11 months
NON-EXECUTIVE DIRECTORS	
◆ Mr. Yu Fachang (<i>resigned on 2 March 2026</i>)	3 years and 9 months
◆ Dr. Qin Hongyuan (<i>resigned on 26 March 2026</i>)	2 years and 2 months
INDEPENDENT NON-EXECUTIVE DIRECTORS	
◆ Dr. Lin Zhijun	20 years and 6 months
◆ Mr. Law Cheuk Kin Stephen	7 years and 10 months
◆ Mr. Wong Chun Sek Edmund	2 years
◆ Dr. Young Danqing Xu (<i>appointed on 25 June 2025</i>)	9 months

All Directors possess extensive experiences in the financial industry. They have abundant professional expertise to fully understand our business and the necessary skills to deal with our business matters. Each of them is prudent, objective and diligent and has devoted sufficient time and efforts to handle the Company's affairs. Each Director confirms to the Company yearly he/she has spent sufficient time to perform his/her responsibilities as a Director of the Company. Each Director discloses to the Company (at the time of appointment and in a timely manner for any changes) the numbers and nature of office held in public companies or organisations and other significant commitments. The relevant content will also be disclosed in the announcements in relation to his/her appointment and the annual reports of the Company.

With the assistance of the Nomination Committee, the Board reviews its structure, size and composition (including skills, expertise, experiences and gender diversity) on an annual basis. The Board considers the composition and proportion of its members reasonable and appropriate, which can fully leverage balance of powers such that the interests of the Company, the Shareholders and the stakeholders are protected to the maximum extent.

During the year, all the Directors (including Non-executive Directors and INEDs) were appointed through formal service contracts or letters of appointment setting out the key terms and conditions of their appointment.

The appointment of a new Director is a matter for consideration by the Nomination Committee in accordance with the "Director Nomination & Succession Policy" which is posted on the Company's website under "Investor Relations" column and decision by the full Board. Pursuant to the Articles of Association (the "Articles"), all Directors shall retire by rotation at least once every three years at annual general meetings and be eligible for re-election. All new Directors appointed by the Board are subject to re-election by Shareholders at the first annual general meeting after his appointment. At every annual general meeting of the Company, re-election of each Director has been assigned as a separate resolution for Shareholders' approval.

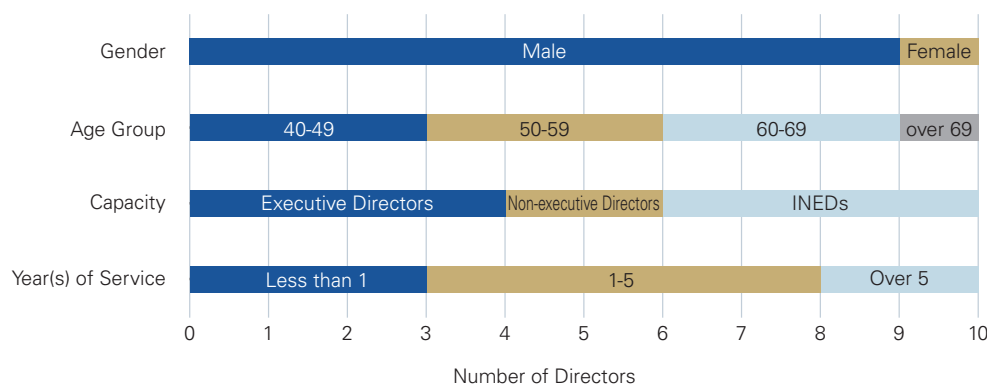
If any substantial Shareholder or Director has a potential conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by a physical meeting (rather than a written resolution), the relevant Directors shall abstain from voting and a Board meeting attended by INEDs who have no material interest in the matter shall be held to discuss and vote on the resolution. There are no relationships (including financial, business, family or other material/relevant relationship(s)) among the Board members. Any Director concerned should declare the nature and extent of his/her interest prior to the relevant meeting agenda of the Board or the Board committees.

Diversity of the Board

According to the “Board Diversity Policy” of the Company which is posted on the Company’s website under “Investor Relations” column, the Board recognises the importance of having a diverse Board for enhancing the board effectiveness and corporate governance. A diverse Board should possess and make good use of differences in the skills, industry knowledge and experience, education, race, age, gender, background and other qualities of directors. These differences are taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

According to the Director Nomination & Succession Policy of the Company, the Nomination Committee has the responsibility of identifying and nominating directors for approval by the Board. It takes the responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required by the Board, assessing the extent to which the required skills are represented on the Board and overseeing Board succession. It is also responsible for reviewing and reporting to the Board in relation to Board diversity on an annual basis.

As at 31 December 2025, the Board’s composition and diversity profile is as follows:



As at 31 December 2025, the senior management of the Group comprised all the Executive Directors (i.e. 4 males) and one additional male member; and among the 240 employees of the Group, the ratio of male to female staff was 1/0.92. The Company fully recognizes the importance of gender diversity on the Board and within senior management in enhancing corporate governance standards. To this end, we have established a clear employee diversity policy and set a measurable target that female employees constitute not less than 45% of the total workforce, with the aim of building a balanced gender structure across all employee levels. In promoting gender diversity within senior management, we fully acknowledge the complexities involved and view its implementation as a long-term, systematic endeavor. The relevant contextual factors are primarily reflected in:

1. Characteristics of the Industry Talent Pool: The professional talent pool in the financial and investment industry (particularly in specific business segments such as private equity) has, due to historical social factors including education and career choices, resulted in a relatively limited base of female practitioners with extensive industry experience and high-level management potential. This creates a structural bottleneck in the supply of qualified candidates during senior executive selection processes.

2. Comprehensive Balance in Cross-Regional Operations: With the Company's business operations spanning multiple regions, it is necessary to comprehensively consider the regulatory environments, cultural backgrounds, and business synergy requirements of different markets when allocating management personnel. In balancing the diversity expectations and practical operational requirements across various regions, the composition of senior management is influenced by multiple objective factors, and its adjustment pace must align with the overall business development stage.

Despite these structural challenges, the Company consistently regards the enhancement of gender diversity within senior management as a crucial objective for sustainable development. We are actively implementing a series of proactive measures to advance this goal, including:

- Strengthening Internal Talent Pipeline: In talent recruitment planning, we explicitly prioritize the inclusion of female candidates, particularly in middle management and key business roles, actively expanding the pipeline of female talent.
- Fostering an Inclusive Culture: Continuously optimizing the Company's internal workplace culture, supporting the career development of female employees through leadership training and other initiatives, and enhancing retention rates and promotion potential for female staff.
- Transparent Progress Disclosure: Committing to regularly disclose our efforts and progress in diversity matters, demonstrating to the market and investors our commitment to promoting gender equality.

Board Skills Composition Overview

As at 31 December 2025, based on the self-assessment results of all the Directors across various skill areas, the overall board skills composition is summarized as follows:

SKILL AREA	NUMBER OF DIRECTORS	PERCENTAGE
Industry Knowledge and Experience	8/9	89%
Financial Literacy/Business Acumen	8/9	89%
Risk Management and Compliance	8/9	89%
Emerging Issues	8/9	89%
Qualifications	8/9	89%
Strategy	7/9	78%
People Management Experience	7/9	78%
Diversity	7/9	78%
Leadership	6/9	67%

Biographical details with the professional experience, skills and knowledge of the Directors are available in the section of "Directors and Senior Management" on pages 92 to 96 of this Annual Report.

Analysis of Key Skill Areas

1. Industry Knowledge and Experience (8 directors, 89%)

The majority of directors possess relevant industry background in asset management and private equity, demonstrating a foundational understanding of the Company's principal business areas. This supports a basic level of professional communication when the board discusses business-related matters.

2. Financial Literacy/Business Acumen (8 directors, 89%)

Board members generally have the ability to read financial statements and understand financial information. Several independent non-executive directors have professional accounting or finance backgrounds, enabling them to fulfill relevant oversight functions at the audit committee level.

3. Risk Management and Compliance (8 directors, 89%)

Most directors have a basic understanding of risk management and internal control systems. Directors with legal backgrounds and those with financial auditing experience can provide input on the company's risk management from different perspectives.

4. Emerging Issues (8 directors, 89%)

A considerable number of directors indicated that they pay attention to emerging issues such as artificial intelligence and financial technology. This reflects the board's ongoing interest in industry trends, which helps incorporate relevant considerations when discussing the Company's future direction.

5. Qualifications (8 directors, 89%)

Directors possess relevant professional backgrounds or work experience in areas such as accounting/finance, economics/business, and law, meeting the relevant requirements of the Hong Kong Listing Rules regarding director qualifications.

6. Strategy (7 directors, 78%)

Over 70% of directors consider themselves capable of identifying strategic opportunities and formulating plans. Executive directors participate in the development and implementation of the Company's strategy, while independent non-executive directors can provide input from an external perspective.

7. People Management Experience (7 directors, 78%)

Most executive directors have experience in managing teams. Some independent non-executive directors have also held management positions in their respective professional fields and can offer relevant insights on people management-related matters.

8. Diversity (7 directors, 78%)

The board has a certain degree of diversity in terms of gender and professional background. It currently includes one female director, as well as members from academic and public policy backgrounds, bringing different perspectives to the board.

9. Leadership (6 directors, 67%)

Approximately two-thirds of the directors self-assessed as having the ability to lead teams and implement plans. This competency is primarily concentrated at the executive director level, which aligns with the general functional division between the board and management. The Chair leads the Board's operations, while management is responsible for leading teams to execute established plans.

As at 31 December 2025, based on the self-assessment results, the Board demonstrates broad coverage across several skill areas:

1. **Solid Foundational Knowledge:** The majority of directors have a basic understanding of the Company's principal business areas and financial matters, enabling them to participate in discussions on related topics.
2. **General Awareness of Risk and Compliance:** The Board shows a certain level of attention to risk management and compliance requirements, with members possessing relevant professional backgrounds able to provide input.
3. **Attention to Emerging Issues:** A considerable number of directors are mindful of developments in emerging areas such as artificial intelligence, which helps the Company consider relevant factors when formulating strategies.
4. **Clear Functional Division:** Leadership capabilities are primarily concentrated at the executive director level, with a relatively clear division of responsibilities between the Chair and management.

As at 31 December 2025, overall, the Board possesses the foundational skill sets necessary to perform its oversight and decision-making functions, with members' experiences in different areas complementing each other to a certain extent.

The Board considers that diversity of the Board is a vital asset to the business of the Group. Board appointments and employee recruitments are based on merit, and candidates are considered against objective criteria, having due regard to the benefits of diversity, including but not limited to gender diversity. Selection of candidates of different genders depends on the pool of candidates of each gender with the necessary knowledge, experience, skills and educational background. The final decision is based on merit and contribution that the chosen candidate will bring to the Board or the Group.

Role of Independent Non-executive Directors

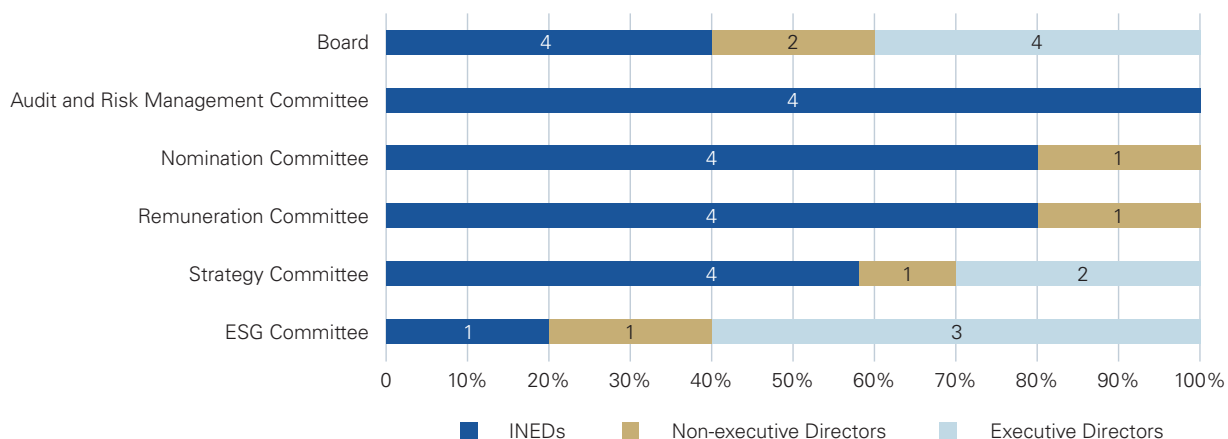
The Board believes that the INEDs play an important role in corporate governance. The opinions of INEDs have significant influence on the Board in the process of making decisions. The guidelines for appointment, roles, responsibilities, independence and evaluation of INEDs are clearly set out in the “Independent Non-executive Directors Policy” of the Company, which is posted on the Company’s website under “Investor Relations” column. INEDs provide the necessary checks and balances to ensure that CEL operates in a safe and sound manner and that its interests are protected. They also bring external experience and make judgment objectively. They are particularly important in performing a monitoring role. The Board has received from the INEDs written annual confirmations of their independence pursuant to the requirement under Rule 3.13 of the Listing Rules and considers all the INEDs to be independent. The appointments of INEDs are for a fixed term and all of them are subject to retirement by rotation at least once every three years in accordance with the Articles and the Listing Rules.

Every year, the Board reviews and assesses the independence of any INED who is in office for more than nine years. His/her further appointment is subject to a separate resolution to be approved by general meeting. The reasons why the Board believes that the individual is still independent and should be re-elected will be set out in the circular, in so far as the independence of each of the Directors is concerned, this is a matter of fact and the Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned and not just limited to where a director whose length of service exceeds 9 years.

Mechanisms to Ensure Independent Views and Input

The Board establishes mechanism(s) to ensure independent views and input are available to the Board. The Nomination Committee is delegated the responsibility to review the implementation and effectiveness of such mechanism on an annual basis.

The number of INEDs represents not less than one-third of the Board as required under the Listing Rules. All the INEDs possess appropriate professional qualifications and accounting or related financial management expertise. As at 31 December 2025, the independence weighting on Board and various board committees is as follows:



INEDs provide CEL with diversified expertise and experience. Their views and participation in the meetings of the Board and the Board committees bring objective and independent judgments and advice on issues relating to CEL’s strategies, performance, conflicts of interest and management processes, which ensure that the interests of all Shareholders are taken into account.

The Company has multiple mechanisms in place to ensure independent views and input are available to the Board. These include but are not limited to, when reviewing the structure, size and composition of the Board, the Nomination Committee puts emphasis on whether the composition of Executive and Non-Executive Directors (including INEDs) is balanced and ensures that there is a strong independent element on the Board. All INEDs should be of sufficient calibre and number for their views to carry weight. All Directors (including INEDs) are given opportunities to include matters in the agenda for regular Board meetings. If any Director makes a reasonable request, the Company should provide independent professional advice upon request, at the Company's expense, to the Director(s) to assist such Director(s) or the Board in performing directors' duties to the Company. Besides, a controversial matter is required to be discussed at a Board meeting rather than being dealt with by a written resolution so as to ensure that Directors (including INEDs) are given opportunities to exchange their views instantly with each other. The Chairman at least annually holds a meeting with the INEDs without the presence of other Directors. Based on the above, the Board considers that the implementation of above mechanisms is effective.

Directors' Liability Insurance

The Company has in place an appropriate directors' and officers' liability insurance policy for each member of the Board to cover their liabilities on damages arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis by the Company.

Responsibilities of the Board

The Board is at the core of the Company's corporate governance framework, and there is a clear division of responsibilities between the Board and the management of the Group (the "Management"). The Board is responsible for providing high-level guidance and effective oversight of the Management. In general, duties of the Board include:

- ◆ setting CEL's values and standards and approving CEL's long term strategy and monitoring its implementation;
- ◆ establishing and maintaining the purpose and strategic direction of CEL, and satisfy itself that CEL's purpose, values and strategy are aligned with the culture of the Company;
- ◆ monitoring and controlling CEL's operations, financial and environmental, social and governance ("ESG") performance through reviewing and approving its business plan and financial budget, and ensures CEL has adequate resources, staff qualification and experience in accounting, financial reporting and internal audit functions, as well as those relating to CEL's ESG performance and reporting;
- ◆ ensuring timely and accurate disclosure to and communication with stakeholders;
- ◆ approving the annual and interim results to ensure the integrity of CEL's accounting and financial reporting system and compliance with the relevant laws and standards;
- ◆ reviewing and monitoring risk management and internal control of CEL to ensure that appropriate risk management and internal control systems are in place, including systems for risk management, financial and operational control;
- ◆ maintaining an effective governance and oversight of ESG affairs, as well as assessment and management of material ESG risks, ESG strategy and reporting;
- ◆ overseeing the management of the business and affairs of CEL, ensuring that a framework of prudent and effective controls is in place to enable risks to be assessed and managed with due regard to maximizing Shareholders' value; and
- ◆ monitoring the performance of the Management, ensuring the financial statements are prepared to give a true, complete and accurate view of the Company.

The Board authorises the Management to specifically carry out the approved strategies. The Management is responsible for the day-to-day operation of the Company and is required to report to the Board regularly. The Board has formulated the “Terms of Reference of the Board” and the “Mandate”, which set out the circumstances under which the Management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board regularly reviews the Mandate, and will update and amend the Mandate when appropriate.

Non-executive Directors are independent from the Management. Their responsibilities include:

- (a) participating in Board meetings and provide independent opinions on matters involving strategy, policies, performance, accountability, resources, appointment of key personnel and standards of conduct;
- (b) promoting strict review and monitoring of management procedures;
- (c) dealing with potential conflicts of interest proactively;
- (d) serving on the Board committees such as the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, Strategy Committee, and ESG Committee by invitation;
- (e) contributing to the Board and its Board committees by regularly attending meetings and actively participating, making good use of their skills, expertise, different backgrounds and qualifications;
- (f) attending general meetings and also fully understanding Shareholders’ opinions; and
- (g) contributing to the formulation of company strategies and policies, monitor the Company’s performance against established corporate goals and objectives, and focus on performance reporting.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out below:

- 1 to develop and review the Company’s policies and practices on corporate governance;
- 2 to review and monitor the training and continuous professional development of the Directors and senior management;
- 3 to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- 4 to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- 5 to review the Company’s compliance with the CG Code and disclosure in the “Corporate Governance Report”; and
- 6 to review the contribution of Directors in performing their duties to the Company.

During the year and up to the date of this report, the Board had performed the above duties, including review of the following documents relating to the corporate governance policies and practices:

- ◆ Terms of Reference of the Board;
- ◆ Corporate Governance Report;
- ◆ Internal Control Report;
- ◆ Risk Management Report;
- ◆ Sustainability Report (formerly known as ESG Report);
- ◆ Dividend Policy;
- ◆ Board Training Guidelines; and
- ◆ Directors' Performance Evaluation Policy.

Chairman and President

During the year, the positions of the Chairman of the Board and the President were held by Mr. Yu Fachang, the then Non-executive Director, and Mr. Lin Chun, the Executive Director, respectively. The roles of the Chairman and the President are clearly established and stipulated in the "Terms of Reference of the Board". The Chairman of the Board leads the Board in order to ensure that the Board discharges its formal responsibilities and conforms to good corporate governance practices and procedures. Besides, the Chairman is also responsible for making sure that all Directors are properly informed of important issues on which the Company is focusing and that all Directors receive accurate, timely and clear information. The Chairman also leads the Board in formulating business objectives and their related strategies. He is also responsible for organising the business of the Board, setting its agenda to take full account of the important issues facing CEL and the concerns of all Directors, ensuring that adequate time is available for thorough discussion of critical and strategic issues, and ensuring its effectiveness with the assistance of the Company Secretary. The Chairman is also taking primary responsibility for ensuring that good corporate governance practices and procedures are in place. Through the Company Secretary, the Chairman oversees the implementation of the practices and procedures set out in the CG Code. The Chairman facilitates the effective contribution of the Directors and the effective communication with the stakeholders, ensures that timely and adequate information, which must be accurate, clear, complete and reliable, is delivered to the Directors to fulfill their duties. The Chairman is also overseeing and giving guidance to the Management in order to enhance the functions of the Board for ensuring the decision of Board are in the best interest of the Company. Subject to those matters expressly reserved or otherwise stipulated by the Board, the Board grants its powers and delegates its responsibilities to the Management Decision Committee for the daily administration, operation and management of the business and affairs of the Group. The Management Decision Committee is the ultimate owner of responsibilities of daily administration, operation and management of the business and affairs of the Group and is accountable to the Board. During the period, Mr. Lin Chun, the then President, served as the Chairman of the Management Decision Committee. The Vice Presidents and other Management Decision Committee members assist the President in carrying out the work and are responsible for the relevant daily management matters of the Group.

On 2 March 2026, Mr. Yu Fachang resigned as the Chairman of the Board and a Non-executive Director. Mr. Lin Chun, currently an Executive Director, has been re-designated from his original position as the President to the Chairman of the Board, where he will preside over the work of the Board. Mr. Pan Jianyun, the Executive Director and Vice President, has assumed the duties of Acting President, is responsible for the daily operations and management of the Group. Mr. Pan Jianyun is also serve as the Chairman of the Management Decision Committee.

The “Terms of Reference of the Board”, as updated from time to time, are published on the Company’s website www.everbright.com and the website of the Stock Exchange. The “Terms of Reference of the Board” clearly define the terms of reference of the Board as well as all the Board committees. The Board committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the power delegated by the Board. Designated secretaries are assigned to all Board committees to provide professional company secretarial services in order to ensure that the Board committee members have adequate resources to discharge their responsibilities properly and effectively. According to the “Terms of Reference of the Board”, the Board and the Board committees review and evaluate their respective work processes and effectiveness on an annual basis. The Board shall also promptly update and revise the “Terms of Reference of the Board” according to its needs, and the updated “Terms of Reference of the Board” will also be uploaded timely to the Company’s website and the website of the Stock Exchange for public inspection.

Training and Support for Directors

The Listing Rules require directors to understand their responsibilities as directors of listed companies. To ensure that newly appointed Directors have adequate understanding of the responsibilities as directors of listed companies as well as the operations and business of CEL, the Board has set up an induction system for new Directors. The Company Secretary conducts the induction programme for each of the newly appointed Directors, and the induction includes a description of directors’ duties, the Listing Rules, introduction of the Board and the Board committees’ composition together with the corporate governance structure, and the introduction of business of the Company. According to Rule 3.09D of the Listing Rules, Mr. Pan Jianyun (appointed as an Executive Director on 27 March 2025) obtained the legal advice and received induction training of no less than 2 hours from a firm of solicitors qualified to advise on Hong Kong law on 21 March 2025. Dr. Young Danqing Xu (appointed as an INED on 25 June 2025) obtained the legal advice and received induction training of no less than 2 hours from a firm of solicitors qualified to advise on Hong Kong law on 24 June 2025. Dr. Su Yang (appointed as an Executive Director on 18 December 2025) obtained the legal advice and received induction training of no less than 2 hours from a firm of solicitors qualified to advise on Hong Kong law on 16 December 2025. The Company received written confirmation from each of the newly appointed Directors, namely Mr. Pan Jianyun, Dr. Young Danqing Xu and Dr. Su Yang, that he/she understood his/her obligations as a director of a listed company.

To ensure that all Directors can constantly update their knowledge and make informed recommendations and advice to the Board, the Board has established a guideline on directors’ training. In addition to arranging appropriate directors’ training on an annual basis, the Company issues “monthly circulars” to the Board members, contents of which include the monthly financial statements of CEL, to give Directors a balanced and understandable assessment of the Company’s performance, position and prospects, together with reports to the Directors about latest information on the Company’s operation, investor relations, and information and training materials in relation to directors’ responsibilities. The said reading materials are mainly used for providing the Board members with information on significant changes in the regulatory requirements applicable to both the Directors and the Company, the latest developments in the industry and the latest development in corporate governance practices in a timely manner, which can update their knowledge and skills associated with directors’ duties. The contents and information contained in the “monthly circulars” to the Board members are of sufficient details to enable the Directors to perform the Directors’ duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Apart from the regular Board meetings, the Company Secretary also arranges meetings between the Board members and front-line business teams in a timely manner, which enable the Board members to enhance understanding of the front-line business development of the Company and enable Directors obtaining first hand information of the operation of the business of the Company. In addition to arranging training to Directors regularly, the Board members are also encouraged to participate in professional training programmes as they consider appropriate, with a view to developing and updating their knowledge and skills.

During the year, based on the training records provided to the Company by the Directors, each Directors participated in continuous professional development by attending or delivering talks in seminars and/or conferences and/or forums, and by reading information, newspapers, journals and materials on the following topics to develop and refresh their knowledge and skills:

DIRECTORS	TRAINING TOPICS			
	Law and regulatory	Corporate Governance	Board responsibility	Business and Industry
Executive Directors				
♦ Lin Chun	√	√	√	√
♦ Pan Jianyun (appointed on 27 March 2025)	√	√	√	√
♦ An Xuesong	√	√	√	√
♦ Su Yang (appointed on 18 December 2025)	√	√	√	√
♦ Wang Yun (resigned on 27 March 2025)	√	√	√	√
♦ Yin Yanwu (resigned on 18 December 2025)	√	√	√	√
Non-executive Directors				
♦ Yu Fachang (resigned on 2 March 2026)	√	√	√	√
♦ Qin Hongyuan (resigned on 26 March 2026)	√	√	√	√
Independent Non-executive Directors				
♦ Lin Zhijun	√	√	√	√
♦ Law Cheuk Kin Stephen	√	√	√	√
♦ Wong Chun Sek Edmund	√	√	√	√
♦ Young Danqing Xu (appointed on 25 June 2025)	√	√	√	√

Attendance of the Directors at Board, Board Committee and General Meetings

A total of five Board meetings were held during the year. The regular Board meetings and the regular Board committee meetings were scheduled and approved by the Board in the preceding year. Unscheduled supplementary meetings (if any) may also take place as and when necessary with reasonable notice. Formal notices have been sent to all Directors at least 14 days before the regular meetings being held. All Directors are given an opportunity to include matters to be discussed in the agenda for the Board meeting. In general, the Board agenda and meeting materials have been dispatched to all Board or relevant committee members for review at least 3 working days before the meetings. According to Article 111 of the Articles, the Board/Board committee members may participate in Board/Board committee meetings through telephone conferencing or similar communication equipment.

The agenda has been prepared after sufficient consultation with the Board/Board committee members and the Management and are then approved by the respective chairmen. The Company Secretary is responsible for submitting the papers of Board meetings and relevant information to the Directors, who can capture the adequate information timely which is complete and reliable and which will enable Directors to make an informed decision on matters placed before them. The Board ensures that Directors, especially Non-executive Directors and INEDs, are provided with sufficient resources in the furtherance of their duties as Board/Board committee members, including obtaining further information if necessary or seeking independent professional advice accordingly at the cost of the Company.

The minutes of the Board/Board committee meetings record in sufficient detail of all the issues considered and the decisions reached, including any concerns raised by the Directors or dissenting view expressed, made by the Directors/respective Board committee members. The minutes, upon reviewed by all the Directors/respective Board committee members and signed by the Chairman of the Board/chairman of the respective Board committees in next meeting, are properly kept by the Company Secretary or the designated secretary. The Company Secretary or the designated secretary has reported matters arising from the previous Board/Board committees meeting and the relevant follow-up actions taken.

All the Board members can also seek the advice and services from the Company Secretary or the designated secretaries of the respective Board committees. The Company Secretary is also responsible for ensuring compliance of the procedures of the Board as well as the applicable laws, rules and regulations. Apart from the regular Board meetings, the Company Secretary also arranges at least one meeting annually for the Chairman of the Board to meet the INEDs in the absence of other Directors and the Management. Directors have separate and independent access to the senior management, the management and employees.

Attendance Rate

The attendance rate of the Directors at Board meetings and various Board committees meetings as well as the general meetings of the Company in 2025 is set out below:

DIRECTORS/MEMBERS	BOARD MEETING	AUDIT & RISK MANAGEMENT COMMITTEE MEETING	NOMINATION COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	ESG COMMITTEE MEETING	GENERAL MEETING
◆ Yu Fachang ¹	5/5	N/A	3/3	3/3	N/A	1/1
◆ Lin Chun	5/5	N/A	N/A	N/A	1/2	1/1
◆ Pan Jianyun ²	5/5	N/A	N/A	N/A	1/1	1/1
◆ An Xuesong	5/5	N/A	N/A	N/A	2/2	1/1
◆ Su Yang ³	1/1	N/A	N/A	N/A	N/A	N/A
◆ Yin Yanwu ⁴	4/4	N/A	N/A	N/A	N/A	1/1
◆ Wang Yun ⁵	1/1	N/A	N/A	N/A	0/1	N/A
◆ Qin Hongyuan ⁶	5/5	N/A	N/A	N/A	2/2	1/1
◆ Lin Zhijun	5/5	6/6	3/3	3/3	N/A	1/1
◆ Law Cheuk Kin Stephen	5/5	6/6	3/3	3/3	2/2	1/1
◆ Wong Chun Sek Edmund	5/5	6/6	3/3	3/3	N/A	1/1
◆ Young Danqing Xu ⁷	3/3	3/3	1/1	1/1	N/A	N/A

Notes:

1. Mr. Yu Fachang resigned as the Chairman and a Non-executive Director on 2 March 2026.
2. Mr. Pan Jianyun was appointed as an Executive Director and a member of the ESG Committee on 27 March 2025.
3. Dr. Su Yang was appointed as an Executive Director on 18 December 2025.
4. Mr. Yin Yanwu resigned as an Executive Director on 18 December 2025.
5. Ms. Wang Yun resigned as an Executive Director and a member of the ESG Committee on 27 March 2025.
6. Dr. Qin Hongyuan resigned as a Non-executive Director and a member of the ESG Committee on 26 March 2026.
7. Dr. Young Danqing Xu was appointed as an INED, a member of each of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee on 25 June 2025.

Every Director performs his/her duties as a Director at all times in good faith, objectively, with diligence and in the best interest of CEL. The Directors have to spend substantial time for the meetings of the Board and the Board committees, including reading the meeting papers before the meetings, allowing sufficient discussion of the issues in the meetings and having in-depth understanding of the follow-up issues under the agenda after the meetings. Directors disclosed to the Company each year the number and nature of offices they held in other public companies or organisations and other significant commitments, with an indication of the time involved. The Board considers all Directors devoted sufficient time and efforts to deal with matters of the Group, and other commitments would not affect the effectiveness of their contribution to or the time available for CEL.

BOARD COMMITTEES

Taking into account the market practices and international best practices in corporate governance, the Board established six Board committees to assist it in carrying out its relevant responsibilities, including the Executive Board Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the ESG Committee and the Strategy Committee. In addition, the Board will, if necessary, authorise an independent board committee comprising only INEDs to review, approve and monitor the connected transactions (including continuing connected transactions) in accordance with the requirements of the relevant laws and regulations. The “Terms of Reference of the Board” clearly define the terms of reference of the Board committees. The Board committees can make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the power as delegated by the Board. The Board committees submit their reports on their work semi-annually. As mentioned, the “Terms of Reference of the Board”, which set out the terms of references of all the Board committees, are published on the Company’s website and the website of the Stock Exchange.

The Management is responsible for providing the Board and Board committees with adequate and timely information which is complete and reliable and which will enable Directors to make an informed decision on matters placed before them. Where any Director requires more information than those provided by the Management themselves, he will make further enquiries, to which the Management must respond quickly and effectively. The Board and individual Directors have separate and independent access to the senior management.

Executive Board Committee

The Executive Board Committee currently consists of all of the four Executive Directors, including Mr. Lin Chun, Mr. Pan Jianyun (replacing Ms. Wang Yun since 27 March 2025), Mr. An Xuesong and Dr. Su Yang (replacing Mr. Yin Yanwu since 18 December 2025). Mr. Lin Chun is the chairman of the Executive Board Committee. With the delegation by the Board, the Executive Board Committee makes decisions as delegated by the Board through interactive communications from time to time, including:

- (a) to approve the corporate objectives and business development plans proposed by the management;
- (b) to approve material transactions of the Company which are not required to be disclosed under the Listing Rules;
- (c) to approve material issues regarding the Company’s interest as a shareholder of Everbright Bank and Everbright Securities in Chinese Mainland;
- (d) to approve bank account opening, change of authorised signatory and other relevant resolutions;
- (e) to approve the renewal of bank loan/facilities, replacement of bank loan/facilities and other relevant resolutions;
- (f) to propose to the Board the establishment or abolishing of any Board committees; and
- (g) to approve other regular procedural matters that the Board agrees to delegate to the Executive Board Committee.

The resolutions passed by the Executive Board Committee have same effect as the resolutions of the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee (the “Committee”) currently comprises four members, and all members including the chairman are INEDs. The Committee is chaired by Mr. Wong Chun Sek Edmund and the other members are Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen and Dr. Young Danding Xu. All of them possess appropriate professional qualifications and experiences in financial matters. Further to the terms of reference as required to be performed by the audit committee under the Listing Rules, the Committee also assists the Board in formulating and monitoring the risk management strategy and related framework and policy of the Company. The Vice President of the Group in charge of Risk Management, Legal and Compliance affairs assists the Committee in performing the daily risk management function of the Company in order to ensure that the risk management and internal control systems have been implemented and complied with. The Committee assists the Board in fulfilling its responsibilities relating to the supervision of the financial statements, internal control, risk management (including but not limited to the risks relating to ESG), internal audit and external audit of the Company. The written terms of reference of the Committee, which were prepared with reference to “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants and updated with reference to the requirement of the CG Code, were approved and properly authorised by the Board. The Terms of Reference of the Committee is available for inspection on the Company’s website. The Committee mainly assists the Board in performing its role in the Company in the following areas, among others:

Internal Audit Function

- ♦ to supervise the Internal Audit Department implementing the annual audit planning reviews, at the time of which the Internal Audit Department will review the general adequacy of the accounting system and internal control system and will outline the indicated internal audit programme in respect of the Company and its subsidiaries for review and guidance by the Committee;
- ♦ to discuss and study the highlight of significant events and findings from the Internal Audit Department of which, in their opinion, require the Committee’s knowledge and/or attention. Representative of Internal Audit Department will be invited to attend the Committee meetings and present the internal control supervision and work reports and other relevant inspection reports in respect of the Company and its subsidiaries for the Committee’s discussion. The Committee will discuss the reports and report the summary of reports as appropriate to the Board;
- ♦ to ensure that co-ordination between the Internal Audit Department and External Auditor is adequate and that the internal audit function has adequate resources and appropriate standing within the Company, and to review and monitor its effectiveness; and
- ♦ to review and monitor the effectiveness of the internal control system and the internal audit function based on a risk methodology process.

In addition, pursuant to code provisions D.2 and D.3.3 of the CG Code, the Committee conducted an annual review of the effectiveness of the risk management and internal control systems of the Company with the assistance of the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Internal Audit Department. The internal control review of the Group covered all material aspects, including financial, operational and compliance controls as well as risk management. Upon completion of the review, the Committee agreed with the review results of the Internal Audit Department that the key areas of the Company’s risk management and internal control systems were reasonably implemented and were able to prevent material misstatements or losses, safeguard the Company’s assets, maintain appropriate accounting records, ensure compliance with applicable laws and regulations, and generally the internal control requirements of the CG Code have been fulfilled. Such views were recommended to the Board. Please refer to the section headed “Internal Control” for details about the said review.

External Auditor

- ♦ to appoint, retain, dismiss and replace the Company's External Auditor, subject to endorsement by the Board and final approval and authorisation by the Shareholders in general meetings, and to approve the remuneration and terms of engagement of the External Auditor, and any questions of its resignation or dismissal; and monitor the associated fees and independence of the External Auditor to ensure that the performance of non-audit services does not impair the independence of the External Auditor in connection with their audit. The non-audit service to be performed by the External Auditor shall be separately identified in connection with its pre-approval if the total amount of fees exceeds the annual caps authorised by the Committee;
- ♦ to meet the External Auditor at least annually, in the absence of the Management, to discuss matters relating to any issues arising from the audit and any accounting, financial reporting or internal control matters the External Auditor may wish to raise;
- ♦ to review and monitor the effectiveness of the audit process in accordance with applicable standards and discuss with the External Auditor the nature and scope of the audit and reporting obligations before the audit commences;
- ♦ to review the work of the External Auditor (including the resolution of any disagreement between the Management and the External Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, the scope of their audit and any other services, and approve the fees for and terms of their services;
- ♦ review with the External Auditor recent or anticipated developments in accounting principles or reporting practices that may affect the Company or the scope of the audit; and discuss major anticipated audit problems, if any;
- ♦ to review results of audits performed by the External Auditor including any changes in accounting procedures and/or the system of internal controls noted or developed during the audit examination along with matters of controversy, if any, with the Management, determine appropriate actions required on significant control weaknesses, and recommend such actions to the Board; and
- ♦ to review the External Auditor's management letter, any material queries raised by the External Auditor to the Management about accounting records, financial statements or systems of control and the Management's response.

Financial Reporting

- ♦ to review and monitor the completeness, accuracy and fairness of half-year and annual financial statements before submission to the Board with particular regard to changes in accounting policies and practices, major judgmental areas, adequacy of disclosure, consistency within the financial statements and with prior disclosures, any significant audit adjustments, the going concern assumption and any qualifications, compliance with any applicable legal requirements and accounting standards and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial reporting.

The Committee invites the Group's Vice President in charge of Finance, Vice President in charge of Risk Management, Legal and Compliance, Head of Internal Audit Department and External Auditor to attend all its meetings.

The Committee considers any significant and unusual items that are, or may need to be, reflected in the report and financial statements, and gives due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Risk Management

Pursuant to the CG Code, with assistance of the Vice President of the Group in charge of Risk Management, Legal and Compliance, the Committee considers and reports to the Board for its review of:

- (a) the changes, since the last review, in the nature and extent of significant risks (including ESG risks), and how the Company responds to changes in its business and the external environment;
- (b) the scope and quality of the Management's ongoing monitoring of risks (including ESG risks) and of the internal control system and the work of internal audit;
- (c) the monitoring results, which enable it to assess control of the Company and the effectiveness of risk management;
- (d) significant control failings or weaknesses identified (if any) and the extent that they have caused unforeseen outcomes or contingencies that could have material impact on the Company's financial performance or condition; and
- (e) the effectiveness of the processes for financial reporting and Listing Rules compliance.

In addition, the Committee monitors the Company to disclose the following in the Risk Management Report:

- (a) the process used to identify, evaluate and manage significant risks;
- (b) additional information to explain its risk management processes and internal control system;
- (c) an acknowledgement by the Board that it is responsible for the internal control system and reviewing its effectiveness;
- (d) the process used to review the effectiveness of the internal control system; and
- (e) the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and financial statements.

A comprehensive analysis of the risks affecting the businesses of the Company and the associated mitigation measures is set out in the Risk Management Report on pages 71 to 79 in this Annual Report.

Corporate Governance

- ♦ reviewing and dealing with the Company's accounting, financial reporting and internal audit functions, the effectiveness of the Company's corporate governance structures and its implementation;
- ♦ overseeing the Company to abide by any applicable laws and comply with regulations of the relevant regulators and maintain its business ethics; and
- ♦ making recommendations to the Board where necessary, and carrying out duties within the delegated authority of the Board.

Whistleblowing

The Committee is responsible for monitoring the use and effectiveness of the whistleblowing policy for employees and third parties who deal with the Group, such as the Group's clients and suppliers that provide products or services to the Group, to raise concerns, in confidence and anonymity, with the senior management of the Group or the Committee about possible improprieties in any matter related to the Group, including but not limited to breach of legal or regulatory requirement, breach of policy or code of conduct of the Group, illegal activity, misconduct or fraud involving internal control, accounting, audit and financial matters, and misconduct or immoral behavior that may prejudice the reputation of the Group, etc. When employees and third parties reasonably suspect any misconduct in the Group, they can notify the Vice President of the Group in charge of Risk Management, Legal and Compliance, who shall investigate the matter and report to the Committee if a prima facie case is established. If, for any reason, the whistleblower does not wish to report to the Vice President of the Group in charge of Risk Management, Legal and Compliance, then the whistleblower can report to the chairman of the Committee. The Committee shall then decide how the investigation is to be proceeded, and ensure that proper arrangements are in place for fair and independent investigation of these matters for appropriate follow-up action. The Vice President of the Group in charge of Risk Management, Legal and Compliance and the Company Secretary of the Company shall report to the Committee annually at the Committee's meeting in respect of all whistleblowing cases received during the year under the whistleblowing policy and the respective status of handling. For details on the Group's whistleblowing policy and related matters, please refer to the Company's website under the "Sustainability" column and the separately published Sustainability Report for 2025. The Sustainability Report is published on the websites of the Company at www.everbright.com (by clicking "Sustainability Report" under "Sustainability") and the Stock Exchange at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

Six Committee meetings were held during the year with an attendance rate of 100%. The work performed by the Committee in 2025 included the review and, where applicable, approval of:

- ◆ the Company's financial statements for the year ended 31 December 2024 and the annual results announcement thereof, which were recommended to the Board for approval;
- ◆ the Company's interim financial statements for the six months ended 30 June 2025 and the interim results announcement thereof, which were recommended to the Board for approval;
- ◆ the audit report and management letter submitted by the external auditor;
- ◆ the quarterly risk assessment report submitted by the risk management function;
- ◆ the internal control supervision and work reports and other relevant inspection report submitted by the Internal Audit Department;
- ◆ the recommendation of the appointment of external auditor, and the audit fees and non-audit fees payable to external auditor for the annual audit, interim review and other non-audit services; and
- ◆ CEL's internal audit plan and key areas of the internal audit work focus for 2026.

In addition, the Committee also assisted the Board in performing the internal control and risk management function, including:

- ◆ to review the systems of financial control, internal control and risk management;
- ◆ to discuss the internal control system with the Management to ensure that the Management has performed its duty to have an effective internal control system. This discussion should include:
 - (a) to review annually the adequacy of resources, staff qualifications and experience, training programmes and budget of accounting, internal audit and financial reporting function, as well as those relating to CEL's ESG performance and reporting;

- (b) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings of CEL;
- (c) to review financial and accounting policies and practices. Special meetings may be called at the discretion of the chairman or the request of senior management to review significant control or financial issues;
- (d) to review the annual general representation letter from the Management; and
- (e) to review the effectiveness of internal audit function of the Company and monitor its results.

The Company Secretary will ensure that the Committee is provided with sufficient resources to perform its duties according to the instruction of the Chairman of the Committee.

Nomination Committee

The Nomination Committee currently has five members comprising Mr. Lin Chun, the Chairman of the Board and an Executive Director, and four INEDs, namely Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen, Mr. Wong Chun Sek Edmund and Dr. Young Danqing Xu. Dr. Lin Zhijun, an INED, is the chairman of the Nomination Committee. The Nomination Committee is responsible for assisting the Board in nominating the right candidates for directorship and senior management positions as well as for evaluating the competence of the candidates to ensure that they are in line with the Company's overall development directions and related requirements under the Listing Rules. The Nomination Committee assists the Board in fulfilling its supervisory role over the Company in the following areas, among others:

- ◆ to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- ◆ to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- ◆ to assess the independence of INEDs annually;
- ◆ to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the President;
- ◆ to make recommendations to the Board on the appointment or re-appointment of the senior management;
- ◆ to assess each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications, work experience, number of and time commitment required for existing directorships of other listed companies and other significant commitments, and other factors including the director's character, integrity, independence and experience;
- ◆ to support the Company's regular evaluation of the board's performance;
- ◆ to review the "Director Nomination & Succession Policy" and make recommendations of amendments to the Board when needed;
- ◆ to review the implementation and effectiveness of the Company's Board Diversity Policy, and to advise the Board on the Board's gender diversity policy and objectives;
- ◆ to advise the Board on potential director succession planning to achieve gender diversity on the Board; and
- ◆ to review the implementation and effectiveness of mechanisms to ensure independent views and input annually.

For the recruitment of Directors and senior management, the Nomination Committee first takes into account the skills, knowledge and experiences of the Board and Board committees, and the business requirements of the Company in order to determine the key requirements for the candidates and objective criteria for selection. Such criteria include relevant expertise, integrity, industry experiences and independence, etc., taking into account the benefits of diversity, including but not limited to gender diversity.

The provisions set out in the above paragraphs are the key nomination criteria and principles of the Company for nomination of directors, and these constitute the “Director Nomination & Succession Policy” of the Company adopted by the Nomination Committee for selection and recommendation of candidates for directorship during the year. The Nomination Committee monitors and reviews such policy annually.

The Nomination Committee held three meetings in the year to transact its business for making recommendations to the Board on the appointment of Executive Directors and Vice Presidents and INED, reviewing the structure, size and composition (including skills, experience and knowledge) of the Board and the Board committees, reviewing the “Board Diversity Policy” and the “Director Nomination & Succession Policy”, assessing the independence of the INEDs and making recommendations to the Board on the re-election of the retiring Directors at the annual general meeting of the Company, etc. The attendance rate of the Nomination Committee meetings was 100%.

Remuneration Committee

The Remuneration Committee currently has five members comprising Mr. Lin Chun, the Chairman of the Board and an Executive Director, and four INEDs, namely Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen, Mr. Wong Chun Sek Edmund and Dr. Young Danqing Xu. The Remuneration Committee is chaired by Dr. Lin Zhijun, an INED. The Remuneration Committee, as delegated by the Board, is responsible for assisting the Board in overseeing the Group’s human resources and remuneration policies. The Remuneration Committee assists the Board in fulfilling its supervisory role over the Company in the following areas, among others:

- ◆ to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ◆ to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- ◆ to determine, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- ◆ to assess the performance of Executive Directors and to approve the terms of Executive Directors’ services contracts;
- ◆ to ensure the fairness and reasonableness of the overall human resources and remuneration policies of the Company;
- ◆ to make recommendations to the Board on the remuneration of Non-executive Directors and INEDs;
- ◆ to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- ◆ to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- ◆ to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- ◆ to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- ◆ if the Shareholders approve and adopt the share schemes in accordance with Chapter 17 of the Listing Rules, the Remuneration Committee, in accordance with the requirement of the Listing Rules, will be authorised to review and/or approve matters relating to the share schemes (if applicable).

A total of three meetings were held by the Remuneration Committee during the year with an attendance rate of 100%. The work performed by the Remuneration Committee in 2025 included the review and, where applicable, approval of:

- ◆ the payment of discretionary bonus for the relevant staff members (including the senior management); and
- ◆ the proposal of remuneration package of newly appointed Executive Director and INED for the year 2025.

Directors' Remuneration Policy

To ensure that the Directors receive remuneration commensurate with the time and effort they dedicate to the Company, Directors and senior management's remuneration should be appropriate and reflect their duty and responsibility to fulfill the expectations of the Shareholders and meet regulatory requirements. The Board is authorised by a resolution passed at the annual general meeting each year to fix the remuneration of Directors. The Remuneration Committee, as delegated by the Board, in proposing the remuneration of Directors, makes reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board committees (including frequency of meetings and nature of agenda items). The Remuneration Committee also determines the specific remuneration package of Executive Directors and senior management, including share options and benefits in kind. The Board, based on the recommendations of the Remuneration Committee, approves the remuneration policy of the Company. Currently the principal components of the Company's remuneration package for Executive Directors and senior management include the basic salary, a discretionary bonus and other benefits in kind. According to the directors' remuneration policy of the Company, Executive Directors and Non-executive Directors shall not receive any directors' emolument and salary for their office of Directors. For the employment of an Executive Director in any executive position of the Group, such Executive Director is entitled to a basic salary and allowance and a discretionary bonus, which are determined by the Remuneration Committee with reference to his/her duties and responsibilities, his/her performance, the performance of the Group and the market conditions. A significant portion of the Executive Directors' or senior management's discretionary bonus is based on the Company's and the individual's performance during the year in order to achieve an appropriate compensation level. INEDs are entitled to a Director's fee and basic allowance as well as an allowance for attending each meeting of Board and Board committees, which are determined by the Board with reference to the market conditions. None of the Directors is entitled to determine his/her own remuneration package. The Remuneration Committee reviews and approves the annual and long term performance targets for senior management with reference to corporate goals and objectives approved by the Board from time to time. The Remuneration Committee also reviews the performance of the senior management against the targets set on an ongoing basis, and reviews and approves the specific performance-based remuneration of the senior management. The Remuneration Committee seeks professional advice in appropriate circumstance at the cost of the Company.

The remuneration received by each of the Directors in 2025 is listed in note 8(a) to the financial statements in this Annual Report. The current Directors' remuneration approved by the Board as authorised by Shareholders at the general meeting is as follows:

There is no Director's fee for Executive Directors and Non-executive Directors. The Director's fee is HK\$200,000 per annum for each INED who has served for one full year and pro-rated for INED who did not serve for one full year. There is no standard fee for INEDs for acting as member(s) of the Remuneration Committee, Audit and Risk Management Committee, Nomination Committee, ESG Committee and Strategy Committee. However, an allowance is to be paid to INEDs for attending the following meetings:

- (a) HK\$12,000 for attending a Board meeting;
- (b) HK\$7,000 for attending a meeting of the Remuneration Committee, Nomination Committee, ESG Committee and Strategy Committee; and
- (c) HK\$20,000 for the chairman of the Audit and Risk Management Committee attending its meeting and HK\$16,000 for other members.

A basic allowance in a total amount of HK\$100,000 is to be paid to each INED every year, which will be distributed in two equal installments by 30 June and 31 December of each year.

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management (including existing and former Executive Directors) by band for the year ended 31 December 2025 is set out below:

REMUNERATION BANDS (HK\$)	NUMBER OF PERSONS
Below HK\$500,000	2
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	3

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 8 to the financial statements.

Environmental, Social and Governance Committee

The ESG Committee was established by the Board in 2021 and aims to integrate ESG principles into business decision-making procedures and keep pace with other international enterprises on ESG. The ESG Committee currently has four members comprising three Executive Directors, namely Mr. Lin Chun, Mr. Pan Jianyun (replacing Ms. Wang Yun since 27 March 2025) and Mr. An Xuesong, and an INED, Mr. Law Cheuk Kin Stephen. Mr. Lin Chun is the chairman of the ESG Committee. The ESG Committee is responsible for assisting the Board in and reporting to the Board on the following areas, among others:

- ♦ to formulate and review the Group's ESG vision, strategies, targets, governance structure and policies, and to monitor the incorporation of ESG principles into the business decision-making procedures;
- ♦ to identify and assess material ESG issues involving the business of the Group and/or other significant stakeholders and their priority, and to formulate the policy for communication with stakeholders;
- ♦ to review and monitor the implementation of the Group's ESG policies and measures and the ESG-related risk management and internal control system;
- ♦ to monitor the Group's ESG performance and effectiveness; and
- ♦ to review the Sustainability reports prepared in accordance with the requirements of the Listing Rules or other applicable laws and regulations, and to make recommendations to the Board for approval and confirming the issuance of ESG statements of the Board.

The ESG Committee held two meetings during the year to review the work plan of the ESG working group and adopt the ESG policies, including the "Climate Change Policy", of the Group, etc. The attendance rate of the ESG Committee meeting was 80%.

Strategy Committee

The Strategy Committee is responsible for studying the long term strategy and planning of the Group and making recommendations to the Board for the middle and long term development strategies of the Group. The Strategy Committee currently has six members comprising, two Executive Directors, Mr. Lin Chun and Mr. An Xuesong, and four INEDs Mr. Law Cheuk Kin Stephen, Dr. Lin Zhijun, Mr. Wong Chun Sek Edmund and Dr. Young Danqing Xu. Mr. Law Cheuk Kin Stephen, an INED, is the chairman of the Strategy Committee.

Independent Board Committee

An Independent Board Committee will be formed from time to time to make recommendation and give advice to the independent Shareholders on voting on the Company's connected transactions and continuing connected transactions or other transactions of the Group that require independent Shareholders' approval at general meetings.

ACCOUNTABILITY AND AUDIT

CEL aims to ensure that the disclosures provide meaningful information and do not give a misleading impression. As part of the Company's system of internal control, the Management Decision Committee formed by the Management submits a "Representation Letter" to the Board, in which they give their confirmation on the competence of the accounting records, the compliance of financial reporting, the accuracy of the fair value of the investment projects and that the information provided to the External Auditor and Board members are of full range, complete, correct and without omission, covering financial and relevant non-financial information. The letter forms the supporting documents for the Board to sign off the Representation Letter to the External Auditor.

INTERNAL CONTROL

The Board has the responsibility of ensuring that the Company maintains sound and effective internal control to safeguard the Company's assets. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage, but not completely eliminate, the risks of system failure; and to assist in achieving the Company's objectives. In addition to safeguarding the Company's assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

The Company's risk management and internal control systems include several different functions: business units, operations, risk management, legal and compliance, institutional sales, brand management, company secretarial, finance and accounting, human resources, information technology, administration, internal audit, etc., which constitute a comprehensive operating system for the Company. Riding on the concept of comprehensive risk management and internal control systems, the Management establishes detailed governing procedures in all levels, which are monitored by qualified professionals with extensive management experience and continuously updated according to the Company's latest business development.

The Group's monitoring structure

In order to fully control the level of risk and to monitor the internal management effectively, the Company integrates the requirements of risk management and internal control into the corporate management and business processes by setting up "three lines of defense":

1st. The risk management performed by frontline departments

In response to the business conditions and its development, the business units perform systematic analysis, verification, management and monitoring on risk factors from different perspectives, such as strategic risk, market risk, financial risk, operational risk and ESG risk, etc. The Management sets business goals and the overall risk limits at both the business unit level and the Company level. Based on the nature of the business activities, the Management sets up approval, verification and monitoring processes to ensure the business development and risk management complement each other, and to ensure that the business goals can be achieved by managing risk effectively. By adopting a comprehensive, systematic and proactive framework of risk management and internal control, the Company's business can be developed more effectively and efficiently.

2nd. Continuously monitoring by middle and back office

The middle and back offices, including Finance and Accounting Department, Operations Centre, Risk Management, Legal and Compliance Department, Board Office, etc., must set up relevant internal control and management systems to monitor the risk exposures, supplement and update the internal control and management procedures based on the latest business development and changes of risk. Meanwhile, middle and back offices and business units work independently to perform financial, operational and compliance monitoring as well as risk management functions within the Company.

3rd. The independent review of internal audit

Internal audit is an independent department carrying out objective review and providing advisory service. It uses systematic and standardised approach to evaluate whether the operating activities, risk management and internal control are appropriate and effective. The Head of Internal Audit Department reports directly to the Audit and Risk Management Committee on its work.

Based on the risk oriented principle, Internal Audit compiles annual audit plan to make sure that its audit covers all business and operation processes and their related risks. In accordance with the annual audit plan approved by the Audit and Risk Management Committee, Internal Audit reviews the effectiveness of the Company's risk management and internal control systems, and prepares internal control review report quarterly for the Audit and Risk Management Committee to review and the relevant management to follow up.

Based on the results of the relevant internal audit and assessment of internal control, Internal Audit develops, implements and updates the internal audit strategy so as to improve the quality of audit.

The review of risk management and internal control by the Board

Risk Management, Legal and Compliance Department prepares the risk management report on a quarterly basis and submits it to the Audit and Risk Management Committee for review. The report outlines the risks faced by CEL, changes in business activities, compliance issues and recommendations. In addition, the Board reviews the effectiveness of CEL's risk management and internal control systems with the assistance of the Audit and Risk Management Committee, which covers all material control including financial, operational and compliance controls and the risk management (included but not limited to the risk in relation to ESG) system. The results of the annual review of the effectiveness of the Company's risk management and internal control systems were reported to the Audit and Risk Management Committee by Risk Management, Legal and Compliance Department and Internal Audit Department. The Board acknowledged that the risk management and internal control systems of the Company during the review period were appropriate and effective.

The Board acknowledges that it has the ultimate responsibility to ensure that there are sound and effective risk management and internal control systems. The Board delegates the Audit and Risk Management Committee with the responsibility of reviewing the adequacy of the resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, and financial reporting functions, as well as those relating to the issuer's ESG performance and reporting, with the assistance of the Management, Risk Management, Legal and Compliance Department and Internal Audit Department. The results of the annual review were reported to the Audit and Risk Management Committee.

The Audit and Risk Management Committee and the Board consider that the material aspects of the Company's risk management and internal control systems are reasonably implemented and are able to prevent significant misstatements or losses, whilst safeguarding the Group's assets, maintaining appropriate accounting records and complying with applicable laws and regulations. Such internal control system has basically fulfilled the requirements of the CG Code as set out in Appendix C1 of the Listing Rules regarding risk management and internal control systems in general.

In addition, CEL has established and implemented the following internal control system:

- ◆ The Management established an organisational structure with different hierarchies of duties, authorities and responsibilities of personnel; formulated written policies and procedures to provide checks and balances for the authorities of different departments; reasonably safeguarded the assets and the implementation of the internal control measures of the Company; and operated in compliance with laws and regulations under effective risk control.
- ◆ The Management formulated and continually monitored the implementation of the Company's development strategies, business plans and financial budgets. The accounting and management systems were also in place to provide the basis for evaluating the financial and operational performance.

- ◆ The Company formulated various risk management and human resource management policies. Specific units and personnel were responsible for identifying, assessing and managing each of the major risks types. These include reputation, strategic, legal, compliance, credit, market, operation, liquidity and interest rate risk.
- ◆ The Vice President of the Group in charge of Risk Management, Legal and Compliance is responsible for the routine risk management work of the Company and for supporting and assisting the Management in defining and evaluating the risk exposures of the Company's businesses and conducting the co-ordination thereof. He assesses, identifies and records the risk structure of the Company and ensures the relevant business units are aware of such issues. He regularly reports to the Audit and Risk Management Committee and the Management Decision Committee. The Risk Management, Legal and Compliance Department assists him in carrying out his duties.
- ◆ The Audit and Risk Management Committee reviews the letter of recommendation submitted by the External Auditor to the Management in connection with the annual audit.
- ◆ The Company established ESG governing structure and ESG management system. At the beginning of each year, the ESG Working Group breaks down key tasks based on the ESG strategic direction and priority work plans determined by the ESG Committee and Management. It identifies leads and responsible personnel for relevant tasks, drives the implementation of these tasks, and regularly reports progress to the Board of Directors and the Management.

Anti-corruption

The Group has established policies and systems that promote and support anti-corruption laws and regulations. For details on the Group's anti-corruption policy and related matters, please refer to the Company's website under the "Sustainability" column and the separately published Sustainability Report for 2025. The Sustainability Report is published on the websites of the Company at www.everbright.com (by clicking "Sustainability Report" under "Sustainability") and the Stock Exchange at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

RISK MANAGEMENT

With assistance of the Audit and Risk Management Committee, the Board is responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's strategic objectives. With assistance of the Risk Management, Legal and Compliance Department and the Management, the Audit and Risk Management Committee is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Management's written confirmation on the effectiveness of the risk management and internal control system's structure, their implementation and monitoring to the Board has been set out in the Risk Management Report on pages 71 to 79 in this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own "Code for Securities Transactions by Directors and Relevant Employees" (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules to govern the securities transactions of the Directors and relevant employees of the Company. Following a specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in both the Code and the Model Code throughout the year ended 31 December 2025.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year.

EXTERNAL AUDITOR

Pursuant to the responsibility delegated by the Board, the Audit and Risk Management Committee had reviewed and monitored the independence, objectivity and effectiveness of KPMG, Certified Public Accountants, Hong Kong (“KPMG”), the Group’s External Auditor, on their audit procedures, and the results were satisfactory. Upon the recommendation of the Audit and Risk Management Committee, the Board had proposed that KPMG be re-appointed as auditor of the Group. Subject to the approval by the Shareholders at the Company’s 2026 annual general meeting, KPMG will be re-appointed as auditor of the Group and the Board will be authorised to fix the auditor’s remuneration.

For 2025, KPMG charged total fees of HK\$12,370,000 for audit services, HK\$2,612,000 for non-audit services (including HK\$1,700,000 for the review of the interim financial statements and HK\$912,000 for tax and other services). For 2024, KPMG charged total fees of HK\$11,960,000 for audit services, HK\$2,212,000 for non-audit services (including HK\$1,700,000 for the review of interim financial statements and HK\$512,000 for tax and other services).

DIRECTORS’ RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The following statement should be read in conjunction with the auditor’s statement of its responsibilities as set out in the Independent Auditor’s Report contained in the 2025 Annual Report of the Company. The statement sets out for the Shareholders the respective responsibilities of the Directors and the auditors in relation to the financial statements.

The Directors are required by the Companies Ordinance to prepare financial statements which give a true and fair view of the state of affairs of the Company. The financial statements should be prepared on a going concern basis unless it is inappropriate to do so. The Directors have the responsibility of ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the requirements of the Companies Ordinance. The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors consider that in preparing the financial statements in the 2025 Annual Report, the Company has adopted appropriate accounting policies which have been consistently applied with the support of reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. Directors ensure that the financial statements are prepared so as to give a true and fair view of the financial status, results and cash flow status of the reporting period.

EFFECTIVE DISCLOSURE MECHANISM AND HANDLING OF INSIDE INFORMATION

The Board reviews and monitors from time to time the effectiveness of the Company’s disclosure process for reports, announcements and inside information. It encourages and takes necessary steps to disclose information in a timely manner and to ensure the information concerning the Company is expressed and communicated in a clear and objective manner that enables the Shareholders and the public to appraise the position of the Company to make informed investment decisions.

The Company’s “Inside Information Policy” maintains procedures and internal control for the handling and dissemination of its inside information. The Board is aware of its obligations under the Listing Rules. The overriding principle is that information which is expected to be inside information should be announced immediately when it is the subject of a decision. The Company has stated in its “Inside Information Policy” that it has a strict prohibition on the unauthorised use of confidential or inside information and has established and implemented procedures for responding to external enquiries about the Company’s affairs.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

General Meetings

The Board attaches a high degree of importance to non-interrupted communications with Shareholders, especially direct dialogue with them at the Company's annual general meetings. General meetings are the primary platform for communication with Shareholders. Shareholders are encouraged to actively participate in such meetings so appropriate arrangements will be made. Shareholders who are unable to attend the general meetings may also appoint proxies to attend and vote on their behalf.

Directors, including the Chairman of the Board and of each of board committees or his representative and INEDs, and representatives of external auditor, will be present at the Company's annual general meeting to address to questions and comments raise by Shareholders. Shareholders can express their concerns to the INEDs.

In addition, the Company also provide further information on the annual general meetings in a circular to Shareholders, together with the notice of the meetings and the latest annual report, will be sent not less than 21 clear days. This includes background information to the proposed resolutions and information on the retirement and re-election of Directors in order to enable all Shareholders to understand their rights at and the agenda of the annual general meeting and to make voting decisions with sufficient information. The Company may also convene other extraordinary general meetings in accordance with applicable regulations and rules. A circular to the Shareholders together with the notice of the extraordinary general meetings will be sent at least 14 clear days before such meetings.

The poll results of the general meetings will be published on the website of the Stock Exchange and the website of the Company as soon as possible on the day of such meetings.

Through the Company Secretary, the Chairman ensures that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole.

Shareholders' Communication Policy

The Company always advocates that all Shareholders shall be provided with ready, equal and timely access to balanced and easy-to-understand information about the Company (including its financial summary, business introduction, corporate profile, introduction of corporate governance, business and contact information of investor relations), which allow the Shareholders to exercise their rights in an informed manner, and also improve communications between the Shareholders, potential investors and other stakeholders with the Company.

The Company has adopted a formal "Shareholders' Communication Policy" which is posted on the Company's website under "Investor Relations" column. The Company believes that communicating with the Shareholders and investors by electronic means (in particular through the Company's website (www.everbright.com)) is an efficient way of delivering information in a timely and convenient manner. The "Investor Relations" section is available on the Company's website. Important and relevant information about the Company is published on the Company's website and updated from time to time to ensure that the Shareholders receive relevant information in an effective and timely manner. All regulatory disclosures/related information will be published by the Company on the Stock Exchange in accordance with applicable regulations and rules and will be also posted on the Company's website immediately thereafter. Regularly published information includes but not limited to financial statements (annual report and interim report), result announcements, circulars, notices of general meetings, announcements and monthly returns on movements in securities, etc. The briefing materials provided in the annual general meeting and the result announcement of the Company are posted on the website of the Company as soon as possible once the materials are published. The contents published by the Company regarding all press releases, corporate profiles, corporate structure, biographical information of the Directors and the Senior Management, service philosophy and corporate social responsibility are posted on the website of the Company. Corporate communications are provided to the Shareholders and the public in plain language and in both English and Chinese versions to facilitate understanding of the Shareholders and other stakeholders of the Group. Web-casting services are provided on the meetings announcing the interim and final results of the Company.

To support environmental protection, the Company actively encourages the Shareholders to read the Company's communication documents through the Company's website. The Company believes that this is also the most convenient and fastest way to communicate with the Shareholders. When the Company's corporate communication documents are posted, Shareholders who have chosen to receive electronic communications will be notified of the publication of such documents. Shareholders listed in the Company's register of members who indicate their mailing preference will receive corporate communication documents sent by the Company by post. Shareholders may change the method of receiving corporate communications, including the choice of language and means of receiving corporate communications, at any time by notifying the Company's Share Registrar.

Physical or online investor briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums are available on a regular basis in order to facilitate communications between the Company and the Shareholders and other stakeholders.

The general meeting is the principal opportunity and ideal venue for Shareholders to exchange views on the Company's business with the Directors and the Management. The Board therefore encourages Shareholders to attend the annual general meeting, exercise their right to speak and vote, and give valuable advice on the Company's operational and governance matters. A Q&A session is held at each general meeting to give opportunities to Shareholders to raise questions and share their views in relation to the Group's affairs. Directors (including the Chairman of the Board, the INEDs and the chairman of the Board committees, or their duly appointed delegates) and the Management should be available at general meetings to respond to the Shareholders' questions and comments. The Company also ensures that the representative of the External Auditor attend the Company's annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence, etc.

The Shareholders should direct their questions about their shareholdings to the Company's Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with contact number of (+852) 2980 1333. The Company shall ensure effective and timely dissemination of information to the Shareholders and the public at all times. The Shareholders, potential investors and other stakeholders of the Group may direct their questions to the Corporate Communications Team by email to ir@everbright.com or by phone at (+852) 2528 9882.

Upon reviewing the implementation and effectiveness of the "Shareholders' Communication Policy" of the Company, the Board considers the policy and its implementation are effective as the policy has provided effective channels for Shareholders, potential investors and other stakeholders of the Group to communicate their views with the Company and the Company has complied with the principles and required practices as set out in the policy as described above during the year.

Dividend Policy

The Board has adopted a "Dividend Policy" for the Company. In principle, the policy allows the Shareholders to share the profits of the Company to obtain reasonable, stable and sustainable dividend returns whilst retaining an adequate cash level to meet general working capital and future development requirements. Based on the above principle, the Company intends to distribute an appropriate amount of annual dividends, part of which may be declared in the form of an interim dividend, subject to the Articles, the Companies Ordinance and other applicable laws and regulations and taking into account any factor that the Board considers relevant. The dividend policy of the Company is subject to periodic review by the Board. The dividend policy does not form any commitment on distribution of dividends to the Shareholders and there is no assurance that dividends will be paid in any particular amount for any given period.

Shareholders' Rights

The Board respects the Shareholders' rights set out in the Articles and relevant applicable laws and regulations. The Board attaches great importance to maintaining effective communication with shareholders. It also makes every effort to keep Shareholders informed of the Company's business and affairs through various channels and direct dialogue with the Shareholders.

Shareholders are entitled to convene an extraordinary general meeting, make any proposals at Shareholders' meetings and propose a person for election as a Director. Please see the detailed procedure as follows:

♦ the way in which Shareholders can convene a general meeting:

Shareholder(s) representing at least 5 per cent of the total voting rights of all Shareholders having a right to vote at general meetings can make a request to call a general meeting pursuant to Section 566 of the Companies Ordinance.

The request –

- (a) must state the general nature of the business to be dealt with at the meeting;
- (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;
- (c) may consist of several documents in like form;
- (d) may be sent in hard copy form or in electronic form to the Company Secretary at the Company's registered office (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) or by way of email to ir@everbright.com; and
- (e) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, Directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors do not do so, the Shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a general meeting. The Company will reimburse any reasonable expenses incurred by the Shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

♦ the procedures for making proposals at Shareholders' meetings:

The following Shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

- (a) Shareholders representing not less than 2.5% of the total voting rights of all Shareholders who have a right to vote on the resolution at the general meeting to which the requests relate; or
- (b) not fewer than 50 Shareholders who have a right to vote on the resolution at the general meeting to which the requests relate.

The requisition specifying the proposal, duly signed by the Shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal, must be deposited at the registered office of the Company (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) not less than six weeks before the general meeting. The Company will take appropriate actions and make necessary arrangements, and the Shareholders concerned will be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 615 and 616 of the Companies Ordinance once valid documents are received.

- ◆ the procedure for Director's nomination and election by Shareholders:

If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder should lodge at the registered office of the Company (46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong) by reference to the "Procedures for Shareholders to Propose a Person for Election as a Director" posted on the website of the Company, (a) a notice signed by such Shareholder (other than the proposed person) duly qualified to attend and vote at the meeting of his/her intention to propose such person for election; and (b) a notice signed by the proposed person indicating his/her willingness to be elected. The period during which the aforesaid notices may be given will be at least seven days. Such period will commence on the day after the despatch of the notice of the general meeting for which such notices are given and end no later than seven days prior to the date of such general meeting. The Company will take appropriate actions and make necessary arrangements in accordance with the requirements under Article 122 of the Articles once valid notices are received, and the Shareholder concerned will be responsible for the expenses incurred in giving effect thereto.

- ◆ Shareholders' enquiry and contact:

Shareholders are welcome to send any written enquiries to the Board for the attention of the Company Secretary either by post to the registered office of the Company at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by way of email to ir@everbright.com. The Company Secretary will direct enquiries received to appropriate Board member(s) or the chairman of the Board Committee(s) who is in charge of the areas of concern referred therein for further handling. The Board, assisted by the Company Secretary, would make its best efforts to ensure that all such enquiries are addressed in a timely manner.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Company attaches great importance to corporate social responsibility. The Board is committed to undertaking corporate social responsibility by strengthening relationship with its stakeholders with a view to contributing to the sustainable development of the economy, society and environment. The Company consistently supports and participates in activities that are beneficial to the community. A separate Sustainability Report for 2025 is published on the websites of the Company at www.everbright.com (by clicking "Sustainability Report" under "Sustainability") and the Stock Exchange at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

COMPANY SECRETARY

Ms. Wan Kim Ying Kasina, the Company Secretary of the Company, is a full time employee of the Company who is familiar with the daily operation of the Company. She is a Fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute of the United Kingdom, thereby possessing the relevant professional qualifications as stipulated by the Listing Rules. In addition, she holds a Master of Business Administration degree of Murdoch University, Western Australia and a Master of Corporate Governance degree of the Hong Kong Polytechnic University, and also has more than 15 years of practical experience in corporate governance and company secretarial practices in listed companies. The Company Secretary is responsible for advising the Board on all corporate governance matters. The Directors have access to the services provided by the Company Secretary. The Company Secretary confirmed that during the year, she has taken no less than 15 hours of relevant professional training.

The Articles states that the appointment and removal of the Company Secretary is a matter for the Board. According to code provisions C.6.2 of the CG Code, changes and appointment of Company Secretary are dealt with by a physical Board meeting rather than a written resolution.

The Company Secretary plays an important role in supporting the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations, are followed. The Company Secretary also plays an essential role in the relationship between the Company and Shareholders, including by assisting the Board in the discharge of its obligations to Shareholders pursuant to the Listing Rules. The Company Secretary also ensures that the Board and Board committee members are provided with sufficient resources and have access to all employees, Directors, agents or consultants for information, and are able to obtain independent professional opinions at the cost of the Company to discharge their duties properly.

RISK MANAGEMENT REPORT

THE SCOPE OF RISK MANAGEMENT & INTERNAL CONTROLS

The Board seeks to achieve an appropriate balance between taking risk and generating returns for shareholders and is accountable for the Group's ongoing monitoring of risk and of the internal controls. It considers the most significant risks facing the Group and the relevant risk management.

INEDs' overseeing of the risk management process is exercised through the Audit and Risk Management Committee with respect to standards of integrity, financial reporting, risk management and internal controls.

The Vice President of the Group in charge of Risk Management, Legal and Compliance, who reports directly to the Audit and Risk Management Committee, has responsibility for the risk and control framework of the Group and the independent monitoring and reporting of risk reporting and controls.

Risk Management Framework:

The Group's risk management framework is designed to support the delivery of the Group's strategic objectives. The key principles that underpin risk management in the Company are:

- ♦ the Board and the Management Decision Committee promote a culture in which risks are identified, assessed and reported in an open, transparent and objective manner; and
- ♦ the over-riding priority is to protect the Group's long-term viability and reputation and produce sustainable, medium to long-term returns.

Risk management is embedded within all areas of the business. The Group expects individual behaviours to mirror the culture and core values of the Company. All employees undertake the responsibility of upholding the Company's risk and control culture and supporting effective risk management to enable the Company to deliver its strategy.

Internal Control Framework:

The Group operates a "three lines of defence" framework for identifying, preventing and controlling risks.

The first line of defence against undesirable outcomes is the business unit and the respective line managers. Department heads of their own business areas take the lead role with respect to implementing and maintaining appropriate controls.

Line management is supplemented by overseeing unit, such as Risk Management, Legal and Compliance, Operations, Finance and Accounting, Company Secretarial, which constitute the second line of defence.

Internal Audit can provide retrospective, independent auditing over the operation of controls and is the third line of defence. The internal audit duty includes reviews of risk management and internal control processes and provides recommendations to improve the control environment.

RISK & INTERNAL CONTROL REVIEW

Risk events are captured by the business will assess and report through a workflow by the second and third lines of defence, with continuous follow-up on subsequent improvements. When control failings and inefficient processes are identified, the second and third line of defence teams also conduct deep dive analyses and reviews to identify potential risks and make or supervise remediations.

The Audit and Risk Management Committee holds a regular meeting quarterly for assessing internal control of the Group and the effectiveness of risk management.

The Vice President of the Group in charge of Risk Management, Legal and Compliance, supported by Risk Management, Legal and Compliance Department and other internal control relevant departments mentioned above, identifies Company's risk and internal control profile, continuously supervises and promotes enhancements and improvements to the mechanisms of the risk control system, and reports to the Audit and Risk Management Committee on the major risks and internal control profile of the Company on a quarterly basis. Committee members contribute views and raise questions at its meeting to ensure risk management and internal controls are effective and in place. For further details, please refer to the relevant contents of the Corporate Governance Report.

EFFECTIVENESS OF FINANCIAL REPORTING & LISTING RULES COMPLIANCE

With support and input from the External Auditor, the Audit and Risk Management Committee has considered, challenged and reviewed financial reporting of the Group, assessed whether suitable accounting policies have been adopted, whether management have been made appropriate estimates and judgments and whether disclosures in published financial statements are fair, balanced and understandable.

The compliance of regulatory requirements (including Listing Rules) is supported by Risk Management, Legal and Compliance Department and Board Office. The Audit and Risk Management Committee has considered and assessed the relevant regulatory compliance through the compliance review section in the quarterly risk and internal control review report. The compliance review has summarised the status of regulatory and compliance matters, corrective actions and the recommendation to the Committee for the enhancements of the relevant compliance matters.

In regard to the above, the Audit and Risk Management Committee considers the Group's processes for financial reporting and Listing Rules' compliance are effective.

PROCESS OF ASSESSMENT AND MANAGEMENT OF SIGNIFICANT RISKS

The Group re-examines its risk appetite annually taking into consideration factors such as strategy and financial goals, and adjusts and revises the nature and degree of various risks willing to assume in order to achieve business development strategies and goals, and implements them after evaluation and approval by the Board. The Risk Management, Legal and Compliance Department implements relevant risk monitoring mechanisms to monitor market, operational, legal and compliance risks on a daily basis, and uses scientific and professional skills to examine whether the overall operation of the Company meets the standards set by its risk appetite.

Specifically, risk identification and assessment are conducted using both a top down approach and a bottom up approach to ensure a thorough risk assessment at the macro and micro levels. The top down approach mainly considers the objective external factors and the strategic planning of the Company to identify and assess the risks having the most significant impact to the Group resulting from the relevant factors. The bottom up approach ensures that the Company can carry out a comprehensive examination of internal risks, conduct data analysis to verify key trends, identify and set priorities for key risks, and provide management with opinions and recommendations on matters that could impact operational development and business results.

The Group uses the above methods to identify significant risks, evaluates the likelihood and impact of each significant risk, with reference to associated measures and performance of key indicators, and uses qualitative and quantitative approaches to describe and report on such risks. Meanwhile, the Group will assess the adequacy of its risk mitigation measures, and review and formulate additional measures if necessary. The Vice President of the Group in charge of Risk Management, Legal and Compliance oversees the overall risk management and reports to the Audit and Risk Management Committee on a quarterly basis.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

Terms of Reference

The Board operates within clearly defined terms of reference, and it reserves certain matters for its own consideration and decision. It has established appropriate committees, such as the Executive Board Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee, the Environmental, Social and Governance Committee and the Strategy Committee, to oversee risk and control activities.

These committees also have clearly defined terms of reference. The Board and committee processes are fundamental to the effectiveness of the Group's risk management and internal control.

Risk Management & Internal Control

The Group maintains a comprehensive risk management and internal control framework and has clearly defined procedures for identifying and handling risks and internal control concerns throughout the organisation, including the process used to identify, evaluate and manage significant risks, and the procedures for the timely, accurate and complete disclosure of discloseable information. This framework helps the Group to safeguard client assets, protect the interests of all stakeholders and meet the Group's responsibilities as a Hong Kong listed company and parent of a number of regulated entities.

The risk management and internal control framework also forms the basis upon which the Board reaches its conclusions on the effectiveness of the Group's risk management and internal control.

BOARD RESPONSIBILITY ON RISK MANAGEMENT & INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control framework, the ongoing monitoring of risk management and internal control and reviewing their effectiveness periodically.

The system of control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

PROCESS OF REVIEWING THE EFFECTIVENESS OF RISK MANAGEMENT & INTERNAL CONTROL

On behalf of the Board, the Audit and Risk Management Committee ("the Committee") carried out the annual assessment of the effectiveness of the risk management and internal control during 2025, which has covered all material controls, including financial, operational and compliance controls. In addition, the Committee considered the adequacy of the Group's risk management arrangements in the context of the Group's business and strategy.

In carrying out its assessment, the Committee considered reports from the Vice President in charge of Finance, the Internal Audit Department and also from the External Auditor which enabled an evaluation of the effectiveness of the Group's risk management and internal control, and no significant failings or weaknesses were identified.

The Committee keeps reviewing the Group's risk management arrangements and internal control through quarterly reports.

The risk and internal control review report sets out changes in the level or nature of the risks faced by the Group, developments in risk management and operational events, including significant errors and omissions (if any). The report also outlines key compliance issues and recommendations for the enhancement of regulatory risk mitigation. This independent report allowed the Committee to consider the key risks and internal control matters faced by the Group and assessments of risk tolerance. Key topics discussed by the Committee included operational, investment, surveillance & control, legal, counterparty credit, acquisition integration, technology and financial risks, contingent liabilities and internal control.

Internal Audit Department reviews progress against a rolling plan of internal audits approved by the Committee, and reports significant findings from audits and their subsequent remediation, and provides recommendations to improve the control environment to the Committee on a quarterly basis.

REVIEW OF KEY RISKS

The following table summarises the key risks and uncertainties that are inherent within both the Group's business model and the market in which the Group operates along with the sophisticated level of controls and processes through which the Group aims to mitigate them. The risk factors mentioned below do not purport to be exhaustive as there may be additional risks that the Group has not yet identified or has deemed to be immaterial and not having a material adverse effect on the business.

KEY RISK	CHANGES IN 2025	MITIGATING FACTORS
FINANCIAL		
Liquidity Risk	▲	
- Risk of failing to meet the Group's contractual or payment obligations in a timely manner. - Key risk that arises from high financial leverage occurs when a company's return on asset does not exceed the interest on the loan, which greatly diminishes a company's return on equity and profitability. - Additionally, high financial leverage may raise the risk of failing to fulfil the relevant requirements from loan covenants (if any) and result in technical default.	- The Group has continued to hold sufficient bank credit facilities and can use these facilities appropriately to maintain liquidity, based on fund utilisation and cash inflow conditions. - The Group monitors and controls liquidity risk through methods such as financial budgets and stress tests. Due to factors such as changes in equity, the Group leverage has seen slight rise, but overall liquidity situation is well-maintained.	- The Group forecasts the firm-wide cash flows, return and profitability at least annually. After consideration from the perspective on financial control and risk management, the Management advises the Board regarding the optimised financial leverage ratio and relevant limits for approval. - The approved financial leverage ratio and relevant limits are closely monitored by Finance Department and Risk Management, Legal and Compliance Department regularly. - Finance department closely monitors the Group's cash position, available facilities and performs cash flow forecasting under the overseeing of Risk Management, Legal and Compliance Department. - The Group regularly performs long term forecasts and uses stress tests to assess future liquidity and short term forecasts to closely monitor any change of liquidity need, and formulates corresponding plans to ensure the capability of the Group regarding long and short term liquidity. - The Group has further enhanced its cash reserves by stepping up efforts to exit existing projects and conducting prudent evaluation on new investment projects.

Key: ▲ Risk level increased

▼ Risk level decreased

◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2025	MITIGATING FACTORS
Exchange Rate Risk	▼	
Risk that the Group's financial position is exposed to adverse movements in exchange rates.	The impact of the fluctuations in the exchange rate of RMB against Hong Kong dollars on the Group's financial position has been reduced. The Group controls exchange rate risk through the counter balancing method to reduce the impact of exchange rate fluctuations on the Company.	- Monitor asset exposures by currency and the foreign currency rate movement regularly. - Improve currency matching between asset and liability, reducing currency mismatch risk. - Perform stress test and sensitivity analysis on the effect of change in foreign currency rates.
Interest Rate Risk	▼	
Change of the interest rate will have negative impact on the Group and its relevant portfolios if there is an interest rate mismatch of the assets and liabilities.	- There has been an overall decrease in borrowing costs due to decreasing USD/HKD interest rates. - As Panda bonds accounted for a considerable portion in the Company's debt structure, the impact of changes in USD/HKD interest rates on borrowing costs is under control.	- Monitoring on interest rate mismatch and sensitivity test are performed regularly. - The Group has managed to decrease overall loan borrowing cost by adjusting the whole loan structure by monitoring interest rate trends of USD/HKD and RMB. - The interest rate risk of the Group is expected to decline further as more cut(s) in interest rate on USD is expected.
INVESTMENT		
Market Risk	▲	
Risk arises from market movements, which can cause a fall in the value of investment assets.	Affected by various factors such as the macroeconomic landscape, geopolitical conflicts and fluctuations in the capital market, the value of the Group's assets invested is subject to short-term volatility.	- Analysing and estimating market risks on a forward-looking basis. - Limits on the aggregate amount of seed capital investment and enhance investment diversification. - The Group actively develops fee-based business so that our return and profitability will be more stable. The Group continues to strengthen capital market research and judgement and tracking of corporate operating conditions, and strengthens risk control effectively through various means such as monitoring of market value.

Key: ▲ Risk level increased

▼ Risk level decreased

◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2025	MITIGATING FACTORS
Credit Risk ◆ Risk exposed to credit losses if borrowers are unable to repay loans and outstanding interest and fees. ◆ In addition, the Group has exposure to counterparties with which it places deposits or trades, and derivative contracts.	 ◆ Under a more prudent set of assumptions, the Group's provision on loan in 2025 has increased further, but the overall credit risk is within manageable level. ◆ The Group's counterparty risks are generally manageable.	The Group seeks to minimize our credit risk from its lending by: ◆ Mainly lending on a secured basis with significant emphasis placed on quality control of the underlying security. ◆ Manage to maintain consistent and conservative loan to value ratios and short-term tenor. ◆ Operating strong control and governance both within business units and with overseeing by Risk Management, Legal and Compliance Department. ◆ Enhance credit management, expedite the collection of loan assets, and exercise caution in extending new loans The Group's exposures to counterparties are mitigated by: ◆ Establish Counterparty Whitelist. ◆ Seek to diversify our exposures across different counterparties. ◆ Continuous monitoring of credit quality of our counterparties.
Operational Risk ◆ Risk of losses through inadequate or failed internal processes, people or systems or through external events.	 ◆ The Group's Operations Centre set up in 2015 has expanded rapidly and the identification, control and management on operational risks enhanced continuously. ◆ The Group continuously boosts employees' awareness of operational risk and strengthens system implementation through various educational interactions such as training on systems and case sharing.	◆ The Group's control systems are designed to ensure operational risks are mitigated to an acceptable level. ◆ Three lines of defence model mentioned above is the key point. ◆ Risk and control assessments are used to identify and assess key operational risks. Associated controls are assessed with regard to their design and performance. Where required, processes and controls are enhanced/optimized to improve the supervision and control. ◆ The Group manages risk events through identification, evaluation, reporting, risk mitigating resolution and continuous monitoring with the aim of preventing major operational risk. ◆ Relevant trading/settlement/investment operation management systems/information management systems are implemented, and automation procedures are enhanced and strengthened continuously to mitigate relevant operational risks.
Key:  Risk level increased  Risk level decreased  No significant change in risk level		

KEY RISK	CHANGES IN 2025	MITIGATING FACTORS
Legal and Regulatory Risk	◀ ▶	
◆ Changes to the existing legal, regulatory and tax environments and failure to comply with existing requirements may materially impact the Group. ◆ Failing to treat customers fairly, safeguard client assets or provide advice/products that contrary to clients' best interest may damage the Group's reputation and may lead to legal or regulatory consequences including litigation, regulatory condemnation and customer redress. This applies to current, past and future business.	◆ The Group has continued to improve its legal risk prevention and control system, continuously enhanced the compliance review process, and comprehensively prevented and controlled legal compliance risk.	◆ Risk Management, Legal and Compliance Department tracks developments of regulatory matters to offer professional advice to the Group on the related changes in relevant laws and regulations, and to advise on developing policies, delivering training and performing monitoring checks and to provide advice to other departments to ensure compliance with regulatory compliance requirements. ◆ To advise on the approval, monitoring and review of existing and new funds/products/investments. ◆ Training for relevant staff regarding the regulatory compliance requirements. ◆ Continuous monitoring of key regulatory compliance requirements.
Information Technology Risk	◀ ▶	
◆ Risk of failure to keep up with changing client expectations or manage upgrades to existing technology may impact the Group's performance.	◆ The Group has continuously invested in and upgraded its information technology infrastructure and systems. This includes the procurement of AI large-model integrated machines, domestic databases, as well as iterative upgrades to PE system, expense control system, and OA system. ◆ The Group has revised and updated multiple internal regulations related to information technology. ◆ The Group has enhanced and updated its business continuity and disaster recovery plans, and conducted disaster recovery drills for some critical systems.	◆ The Group continues to invest in its IT infrastructure, data management system, reporting system and other software/systems. ◆ The Group has sound governance in place to oversee our major IT projects. ◆ The Group has in place business continuity and disaster recovery plans.

Key: ▲ Risk level increased

▼ Risk level decreased

◀ ▶ No significant change in risk level

KEY RISK	CHANGES IN 2025	MITIGATING FACTORS
Loss of Key Personnel Risk ◆ Risk of failure to recruit or retain appropriately skilled and experienced staff may have a material adverse effect on the Group's operations and implementation of its strategy.	◀ ▶ ◆ The Group has continued to employ professionals in the field of asset management to carry out investment and risk management.	◆ The Group seeks to develop, attract, motivate and retain staff through comprehensive human resource policies. ◆ Comprehensive, systematic and highly transparent evaluation policies are used to evaluate staff performance. ◆ Maintains loyalty through appropriate remuneration and benefit packages. ◆ Contracts for relevant roles have restrictive covenants and enhanced notice periods are in place for key staff. ◆ Comprehensive training is offered to all staff to promote individual and team development. ◆ In order to avoid reliance on any one individual staff, teams are required to ensure each individual has another staff as alternative backup. ◆ We have set up promotion policy so that employees have clear career path to pursue and are motivated to stay for long term development.
REPUTATIONAL		
Reputational Risk ◆ Risk that negative publicity regarding the Group will lead to client redemptions and a decline in AUM and revenue. ◆ The risk of damage to the Group's reputation is likely to be caused by other key risks, rather than a standalone risk.	◀ ▶ ◆ Adhering to the principle of active prudence, the Group has strengthened monitoring of public opinions and maintained a stable environment in terms of public opinions.	◆ High standards of conduct and a principled approach to regulatory compliance are integral to the Group's corporate culture and values. The Group considers reputational risks as a key factor when initiating changes in strategy or operating model. ◆ Maintain effective monitoring and guidance of public opinion, while enhancing the management and oversight of the Company's brand usage. ◆ Reputational risk is primarily mitigated through the effective mitigation of the other key risks. ◆ The Group's risk appetite, risk and compliance policies, governance structures and reward mechanism include significant focus on issues and behaviors that could positively affect the Group's reputation.

Key: ▲ Risk level increased

▼ Risk level decreased

◀ ▶ No significant change in risk level

ESG RISK MANAGEMENT

ESG risks refer to the risks to which an enterprise is exposed in environmental, social and governance terms, which may have an adverse impact on the Group's mid- and long-term financial position and enterprise value. The ESG risk control structure adopted by the Group is as follows:

- ◆ The Group's risk management work is mainly led by the Vice President in charge of Risk Management, Legal and Compliance, and monitored by the Audit and Risk Management Committee. ESG risks are managed by the ESG Committee under, and overseen by, the Board.
- ◆ The ESG Committee, under the authorization of the Board, is responsible for formulating the Group's ESG responsibilities, policies, strategies and objectives, supervising the performance and effectiveness of the implementation of ESG-related responsibilities, and regularly reporting to the Board on relevant matters.
- ◆ The ESG Task Force under the ESG Committee is responsible for the implementation of the responsibilities, policies and resolutions formulated by the ESG Committee, reporting the work results to the ESG Committee, and proposing work adjustments and improvements.
- ◆ Investment teams implement the Group's ESG policies in daily activities of investment and management.

During the reporting period, the Group effectively managed ESG risks through continuous implementation of policies and measures related to ESG risk management. In 2025, there were no significant ESG risk events impacting the Group.

DIRECTORS' REPORT

The board of directors (the "Director(s)") (the "Board") of China Everbright Limited (the "Company") hereby presents to shareholders the Annual Report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in investment holdings and the provision of financial services. The principal activities of the subsidiaries are set out in note 15 to the financial statements. Further discussion and analysis of these activities and business review as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 24 to 39 and the Risk Management Report set out on pages 71 to 79 respectively of this Annual Report. The discussion on the Group's environmental policies and performance, the Group's key relationships with employees, customers, suppliers and other stakeholders, and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, can be found in the separate Sustainability Report for 2025 which is published on the websites of the Company at www.everbright.com (by clicking "Sustainability Report" under "Sustainability") and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk at the same time as the publication of this Annual Report in compliance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These discussions form part of this Directors' Report.

TURNOVER AND CONTRIBUTION TO GROUP RESULTS

The turnover and contribution to operating results of the Group by principal activity and geographical location are set out in notes 4 and 42 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out on page 102 of this Annual Report.

The Board has recommended the payment of a final dividend of HK\$0.05 per share for the year ended 31 December 2025 (2024: HK\$0.05 per share).

MAJOR CUSTOMERS AND SUPPLIERS

Turnover from operations represents the aggregate of service fee income, sales of inventories, interest income, dividend income, rental income from investment properties, rental income from finance lease and gross sale proceeds from disposal of trading securities of secondary market investments. Accordingly, it is not practicable to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 190 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment and investment properties during the year are set out in note 14 to the financial statements.

PROPERTIES

Particulars of major properties held by the Group as at 31 December 2025 are set out on page 191 of this Annual Report.

CHARITABLE DONATIONS

Charitable donation made by the Group for the year ended 31 December 2025 amounted to HK\$2,281,905 (2024: HK\$29,737).

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures as at 31 December 2025 are set out in notes 15, 16 and 17 to the financial statements respectively.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2025 are set out in note 26 to the financial statements.

BONDS PAYABLE

Particulars of bonds payable of the Group as at 31 December 2025 are set out in note 28 to the financial statements.

SHARE CAPITAL

Details of the movement in share capital of the Company during the year are set out in note 31 to the financial statements.

PERPETUAL CAPITAL SECURITIES

Details of the perpetual capital securities issued by the Company are set out in note 32 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED EQUITY SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2025.

RESERVES

Distributable reserves of the Company as at 31 December 2025 as calculated under the Companies Ordinance amounted to HK\$2,208,614,000 (2024: HK\$2,122,063,000). The movement in the Company's reserves are set out in note 34 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Bonds payable and bank loans repayable within one year or on demand are classified as current liabilities in the financial statements. Bonds payable and bank loans repayable over one year are classified as non-current liabilities. No interest was capitalised by the Group during the year.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this Annual Report, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

CONNECTED TRANSACTIONS

The connected transactions disclosed in accordance with Chapter 14A of the Listing Rules during the year are as follows:

1. On 4 August 2025, Everbright Absolute Return Fund (an indirectly wholly-owned subsidiary of the Company) as the subscriber (the "Subscriber"), submitted to the trustee of Everbright Income Focus Fund (the "Fund") and China Everbright Securities (HK) Limited (the "Manager") the redemption form pursuant to which the Subscriber intended to redeem 1,263,689.97 Class I USD units of the Fund, representing approximately 50.25% of the total Class I units of the Fund (the "Redemption") and it was expected that the Redemption would be divided into 7 tranches, subject to the terms of the fund documents. The redemption price was the price per unit of the Fund ascertained by dividing the net asset value of the relevant class of the Fund as at the valuation point in respect of the dealing day by the number of such class of units then in issue rounded down to 2 decimal places. Based on the net asset value of the Fund on the day immediately preceding 4 August 2025, it was expected that the redemption amount would be approximately USD17,122,999.09. Upon completion of the Redemption, the Subscriber would no longer hold any Class I USD units of the Fund.

China Everbright Group Ltd.* (中國光大集團股份公司) ("Everbright Group"), through its wholly-owned subsidiaries, was interested in approximately 49.74% of the total number of issued shares of the Company and was the controlling shareholder of the Company. The Manager was an indirect non wholly-owned subsidiary of Everbright Group through Everbright Securities Company Limited, a non wholly-owned subsidiary of Everbright Group ("Everbright Securities"). As the Manager had full control over the conduct of the business, assets and affairs of the Fund, the Fund was an associate of Everbright Group. Accordingly, the Manager and the Fund were connected persons of the Company and the Redemption constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

2. On 26 September 2025, the Company as the issuer entered into two underwriting agreements (the "Underwriting Agreements") with China Everbright Bank Company Limited ("Everbright Bank") and Everbright Securities respectively, pursuant to which the Company had engaged Everbright Bank and Everbright Securities as the lead underwriters in respect of the proposed issue of the multiple types of debt financing instruments by the Company with the aggregate amount of not more than RMB20 billion in the PRC to be traded on the China Interbank Bond Market. Under the Underwriting Agreements, the maximum aggregate amount of underwriting fee payable by the Company to Everbright Bank and Everbright Securities shall not exceed RMB60 million.

Everbright Group, through its wholly-owned subsidiaries, was interested in approximately 49.74% of the total number of issued shares of the Company and was the controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Everbright Bank and Everbright Securities was an associate of Everbright Group and therefore a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Underwriting Agreements (including the payment of any underwriting fee(s) to Everbright Bank and Everbright Securities) constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

The aforesaid connected transactions of the Company were subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the aforesaid connected transactions of the Company were set out in the announcements of the Company dated 4 August 2025 and 26 September 2025 respectively.

CONTINUING CONNECTED TRANSACTIONS

Set out below is the information in relation to certain continuing connected transactions involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the announcements of the Company and are required under the Listing Rules to be disclosed in the annual report and financial statements of the Company.

China Everbright Group Ltd. (“Everbright Group”) is the holder of 100% of the equity interest in CE Hong Kong. CE Hong Kong is the indirect controlling shareholder of the Company which indirectly holds approximately 49.74% equity interest in the Company. Accordingly, Everbright Group is a controlling shareholder of the Company, and thus Everbright Group and its associates are connected persons of the Company. The ongoing arrangements between the Group and Everbright Group and its associates entered into (including, among other things, deposit services, asset management services, brokerage services and custodian services) are continuing connected transactions of the Company.

On 28 December 2023, the Company entered into the following new framework agreements (collectively the “Framework Agreements”) with Everbright Group:

- 1 Asset management services framework agreement;
- 2 Brokerage services framework agreement;
- 3 Custodian services framework agreement; and
- 4 Deposit services framework agreement.

The Framework Agreements set out the basis upon which members of the Group to carry out the transactions contemplated under the Framework Agreements with Everbright Group and/or its associates for the three financial years ending 31 December 2026. The duration of the Framework Agreements was commenced on 1 January 2024 and expires on 31 December 2026. Everbright Group, being the controlling shareholder of the Company, is a connected person of the Company under the Listing Rules and therefore entering into the Framework Agreements by the Company and the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under the Listing Rules.

(1) Asset Management Services

The Group provides asset management services (including investment advisory services) to relevant members of the Everbright Group.

Material terms:

- ◆ The Group shall provide asset management services (including investment advisory services) to Everbright Group in respect of assets in the asset management services accounts designated by Everbright Group.
- ◆ The asset management services (including investment advisory services) provided shall be on normal commercial terms which are arrived at upon arm’s length negotiation and are no less favourable than those available to similar or comparable independent third parties offered by the Group.
- ◆ The asset management services (including investment advisory services) provided under the Asset Management Services Framework Agreement shall be non-exclusive. Everbright Group is at liberty to obtain asset management services (including investment advisory services) from third parties and the Group is at liberty to provide third parties with asset management services (including investment advisory services).

The annual cap for the transactions under the Asset Management Services Framework Agreement for the years ended 31 December 2024 and 31 December 2025, and the year ending 31 December 2026 are all set at HK\$360,000,000. The transaction amount under the Asset Management Services Framework Agreement for the year ended 31 December 2025 was approximately HK\$311,633.

(2) Brokerage Services

The Group places cash, equity and debt securities in brokerage accounts with Everbright Group and its associates, and Everbright Group and its associates provide brokerage and ancillary services to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) in accordance with the relevant rules and regulations, as well as custodianship of the cash, equity and debt securities.

Material terms:

- ◆ Everbright Group and its associates shall provide to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) brokerage and ancillary services in accordance with the relevant rules and regulations, and custodianship of the cash, equity and debt securities.
- ◆ The brokerage services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by Everbright Group and its associates to similar or comparable independent third party customers.
- ◆ The brokerage services provided under the Brokerage Services Framework Agreement shall be non-exclusive and the Company is at liberty to obtain brokerage services from third parties.

The annual cap for the transactions under the Brokerage Services Framework Agreement for the years ended 31 December 2024 and 31 December 2025, and the year ending 31 December 2026 are all set at HK\$28,000,000. The transaction amount under the Brokerage Services Framework Agreement for the year ended 31 December 2025 was approximately HK\$19,870.

(3) Custodian Services

Everbright Group and its associates provide custodian services to the Group, including the safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting. The transactions are conducted through custodian accounts opened with Everbright Group and its associates in the relevant Group company's name.

Material terms:

- ◆ Everbright Group and its associates shall provide the Group custodian services including safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting.
- ◆ The custodian services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by Everbright Group and its associates to similar or comparable independent third party customers.
- ◆ The custodian services provided under the Custodian Services Framework Agreement shall be non-exclusive and the Company is at liberty to obtain custodian services from third parties.

The annual cap for the transactions under the Custodian Services Framework Agreement for the years ended 31 December 2024 and 31 December 2025, and the year ending 31 December 2026 are all set at HK\$28,000,000. The transaction amount under the Custodian Services Framework Agreement for the year ended 31 December 2025 was approximately HK\$272,208.

(4) Deposit Services

Everbright Group through its associate China Everbright Bank, provides deposit services to the Group, including current and fixed-term deposits. The deposit services are subject to the standard terms and conditions of Everbright Group and its associates. The annual cap for the transactions under the Deposit Services Framework Agreement for the years ended 31 December 2024 and 31 December 2025, and the year ending 31 December 2026 are all set at HK\$360,000,000. During the year ended 31 December 2025, none of the daily aggregate bank balances maintained with China Everbright Bank exceeded HK\$360,000,000.

Review by the Company's independent non-executive directors ("INED(s)") and auditor

The INEDs had reviewed the above continuing connected transactions for the year ended 31 December 2025 and confirmed that the transactions were:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and
- (c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

A summary of the material related party transactions entered into by the Group during the year is contained in note 36 to the financial statements. Save as disclosed above in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions", no other related party transactions constitute any connected transactions or continuing connected transactions as defined under the Listing Rules during the year. The Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year.

DIRECTORS

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

Executive Directors:

- ♦ Mr. Lin Chun
- ♦ Mr. Pan Jianyun (*appointed on 27 March 2025*)
- ♦ Mr. An Xuesong
- ♦ Dr. Su Yang (*appointed on 18 December 2025*)
- ♦ Mr. Yin Yanwu (*resigned on 18 December 2025*)
- ♦ Ms. Wang Yun (*resigned on 27 March 2025*)

Non-executive Directors:

- ♦ Mr. Yu Fachang (*resigned on 2 March 2026*)
- ♦ Dr. Qin Hongyuan (*resigned on 26 March 2026*)

Independent Non-executive Directors:

- ♦ Dr. Lin Zhijun
- ♦ Mr. Law Cheuk Kin Stephen
- ♦ Mr. Wong Chun Sek Edmund
- ♦ Dr. Young Danqing Xu (*appointed on 25 June 2025*)

Biographical details of the existing Directors and the senior management of the Company are available in the section of "Directors and Senior Management" on pages 92 to 96 of this Annual Report.

The Company has received an annual confirmation of independence from each of the four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers all the INEDs to be independent.

According to Articles 120 and 121(a) of the Company's Articles of Association (the "Articles"), one-third of the Directors for the time being (who have been longest in office) shall retire from office by rotation at every annual general meeting of the Company provided that every Director shall retire from office by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Articles 120 and 121(a) of the Articles, Mr. Lin Chun, Mr. An Xuesong and Mr. Law Cheuk Kin Stephen, being the Directors who have been longest in office since their last re-election, will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In addition, according to Article 87 of the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election at such meeting.

Dr. Young Danqing Xu and Dr. Su Yang were appointed by the Board as new Directors on 25 June 2025 and 18 December 2025 respectively. In accordance with Article 87 of the Articles, Dr. Young Danqing Xu and Dr. Su Yang will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS OF SUBSIDIARIES

Other than certain Directors and senior management named in the section headed “Directors and Senior Management” as set out on pages 92 to 96 of this Annual Report, the names of persons who have served on the board of the subsidiaries of the Company during the financial year ended 31 December 2025 and up to the date of this Annual Report are available on the Company’s website under the “Investor Relations” column.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register of directors’ and chief executives’ interests and short positions of the Company required to be maintained under section 352 of the SFO.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this Annual Report, no transactions, arrangements or contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS’ SERVICE CONTRACTS

No Director being offered for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment of compensation other than the statutory compensation.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following persons were recorded in the register kept by the Company under section 336 of the SFO as having interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares and Underlying Shares of the Company:

NAME OF SHAREHOLDERS	TOTAL	BENEFICIAL OWNER	INTEREST OF CONTROLLED CORPORATION	% OF TOTAL ISSUED SHARES
◆ Central Huijin Investment Ltd. ("Huijin") ⁽¹⁾	838,306,207	–	838,306,207	49.74%
◆ Everbright Group ⁽²⁾	838,306,207	–	838,306,207	49.74%
◆ CITIC Group Corporation ⁽³⁾	152,088,000	–	152,088,000	9.02%
◆ CITIC Limited ⁽³⁾	152,088,000	–	152,088,000	9.02%
◆ Prudential plc ⁽³⁾	152,088,000	–	152,088,000	9.02%
◆ CITIC-Prudential Life Insurance Company Limited ⁽³⁾	152,088,000	152,088,000	–	9.02%

Notes:

⁽¹⁾ Huijin was indirectly wholly-owned by the State Council of the People's Republic of China and held 63.16% equity interest in Everbright Group. It was deemed to be interested in the 838,306,207 ordinary shares indirectly held by Everbright Group pursuant to the SFO.

⁽²⁾ Everbright Group held 100% of the issued shares of CE Hong Kong. CE Hong Kong held (1) 100% of the issued shares of Honorich Holdings Limited ("Honorich"), and (2) 100% of the issued shares of Everbright Investment & Management Limited ("EIM"), respectively. Out of the 838,306,207 ordinary shares, 832,273,207 ordinary shares were held by Honorich and the remaining 6,033,000 ordinary shares were held by EIM. Accordingly, Everbright Group was deemed to be interested in the 832,273,207 ordinary shares held by Honorich and the 6,033,000 ordinary shares held by EIM pursuant to the SFO.

⁽³⁾ CITIC-Prudential Life Insurance Company Limited was indirectly owned as to 50% by each of CITIC Limited and Prudential plc. CITIC Limited was in turn indirectly owned as to 58.13% by CITIC Group Corporation. Accordingly, each of CITIC Group Corporation, CITIC Limited and Prudential plc was deemed to be interested in the 152,088,000 ordinary shares held by CITIC Prudential Life Insurance Company Limited pursuant to the SFO.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) having any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

PERMITTED INDEMNITY PROVISION

The Articles provides that subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or they may sustain or incur in or about the execution of his or their office or otherwise in relation thereto.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors and other officers of the Company and its subsidiaries.

INTEREST OF COMPETING BUSINESS

As at the date of this Annual Report, and as far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

CORPORATE GOVERNANCE

The Company believes that upholding good corporate governance measures is important to ensuring effective internal control and protecting the long term interest of the shareholders, customers, staff and the Company. The Company strictly complies with the applicable laws and regulations and codes and guidelines of the regulatory authorities, and strives to follow the best international and local corporate governance practices and to develop and improve the corporate governance practices of the Company.

Further details are set out in the “Corporate Governance Report” in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee currently comprises Mr. Wong Chun Sek Edmund, Dr. Lin Zhijun, Mr. Law Cheuk Kin Stephen and Dr. Young Danqing Xu. The committee is chaired by Mr. Wong Chun Sek Edmund. All members of the committee are INEDs.

The Audit and Risk Management Committee and the Management have reviewed the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2025. The terms of reference of the Audit and Risk Management Committee and a summary of the duties discharged in 2025 have been set out in the “Corporate Governance Report” in this Annual Report.

RETIREMENT SCHEMES

The Company provides retirement benefits to all local eligible employees under an approved defined contribution provident fund (the “ORSO Scheme”). The ORSO Scheme is administered by trustees, the majority of whom are independent, with its assets held separately from those of the Company. The ORSO Scheme is funded by contributions from employees and employers at 5% each based on the monthly salaries of employees. Forfeited contributions (if any) may be used to reduce the existing level of contribution by the Company. During the year, no forfeited contribution under this scheme is available to reduce the contributions payable in future years.

Since 1 December 2000, the Group has also operated a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a monthly relevant income cap of HK\$30,000.

The employees of the subsidiaries of the Company established in the People’s Republic of China are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group’s total contributions to these schemes charged to the consolidated statement of profit or loss during the year ended 31 December 2025 amounted to approximately HK\$1,684,775 (2024: HK\$1,742,967).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the prescribed public float under the Listing Rules throughout the year.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK\$0.05 per share for the year ended 31 December 2025 (2024: HK\$0.05 per share). Together with the interim dividend of HK\$0.05 per share already paid, the aggregate amount of dividends for the year is HK\$0.05 per share (2024: HK\$0.10 per share).

The final dividend, subject to approval at the forthcoming annual general meeting, is expected to be paid on Friday, 5 June 2026 to those shareholders whose names appear on the register of members of the Company on Tuesday, 26 May 2026, being the record date for determining shareholders' entitlement to the final dividend.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 14 May 2026.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the annual general meeting and entitlement to the proposed final dividend, the register of members of the Company (the "Register of Members") will be closed in accordance with the following timetable:

- (i) For determining the Shareholders' eligibility to attend, speak and vote at the annual general meeting:
 - (a) Latest time to lodge transfer documents for registration 4:30 p.m. on Friday, 8 May 2026
 - (b) Closure of Register of Members Monday, 11 May 2026 to Thursday, 14 May 2026
(both days inclusive)
 - (c) Record date Monday, 11 May 2026
- (ii) For determining entitlement to the final dividend:
 - (a) Latest time to lodge transfer documents for registration 4:30 p.m. on Thursday, 21 May 2026
 - (b) Closure of Register of Members Friday, 22 May 2026 to Tuesday, 26 May 2026
(both days inclusive)
 - (c) Record date Tuesday, 26 May 2026

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend, speak and vote at the annual general meeting, and to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than the time set out above.

CHANGES OF DIRECTORS' INFORMATION

The changes of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Mr. Law Cheuk Kin Stephen, an INED, was elected as the president of Hong Kong Institute of Certified Public Accountants with effect from 13 November 2025. Mr. Law resigned as an independent non-executive director of Somerley Capital Holdings Limited (stock code: 8439.HK) with effect from 23 March 2026 and Mr. Law was appointed as an independent non-executive director of China Resources Gas Group Limited (stock code: 1193.HK) with effect from 27 March 2026.
2. Dr. Su Yang, an Executive Director, was appointed as the Chairman of Everbright Jiabao Co., Ltd. (stock code: 600622.SH) with effect from 24 December 2025.
3. Mr. Wong Chun Sek Edmund, an INED, no longer serves as a member of the Legislative Council after the expiration of the 7th Legislative Council of Hong Kong Special Administrative Region as at 31 December 2025.

In respect of the changes in emoluments of Directors, please refer to note 8 to the financial statements.

AUDITOR

Ernst & Young ("EY") retired as the auditors of the Company and did not seek for re-appointment at the annual general meeting of the Company held on 23 May 2024 ("2024 AGM").

KPMG was appointed as the auditors of the Company at 2024 AGM in place of retiring auditors, EY.

KPMG will retire as the auditors of the Company and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting to be held on 14 May 2026.

Save as disclosed above, there has been no change in auditors of the Company in any of the preceding three years.

By Order of the Board
China Everbright Limited
Lin Chun
Chairman
Hong Kong, 26 March 2026

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Lin Chun

Chairman of the Board and Executive Director

Mr. Lin Chun, aged 55, is the Chairman of the Board and Executive Director. He is also the Chairman of the Executive Board Committee, the Chairman of the Environmental, Social and Governance Committee and a member of the Nomination Committee, the Remuneration Committee and the Strategy Committee of the Board. He serves as a director of certain subsidiaries of the Company. Mr. Lin is the President of China Everbright Holdings Company Limited, the controlling shareholder of the Company. Mr. Lin was the chairman of Everbright Financial Holding Asset Management Co., Ltd. from 2021 to 2023. Since 1993, Mr. Lin had served as a transaction office trader of the international business department, deputy manager of the treasury division of the international business department, deputy director of the market trading division of the planning and funding department, director of the transaction office of the international business department, director of the transaction office of the treasury department, assistant to the general manager of the treasury department, assistant to the general manager of the investment banking department, deputy general manager of the investment banking department, deputy general manager of the investment banking department (in charge), general manager of the investment banking department of China Everbright Bank Company Limited (stock code: 601818.SH, 6818.HK). He had served as the general manager of the investment and restructuring department of China Everbright Group Ltd. from 2015 to 2021. He has 30 years of experience in the financial industry and management. Mr. Lin holds a Bachelor's degree in international finance from the Department of International Finance of China Institute of Finance and Banking (now known as China School of Banking and Finance University of International Business and Economics). He joined the Board in January 2024.

Mr. Pan Jianyun

Executive Director and Vice President

Mr. Pan Jianyun, aged 55, is an Executive Director and the Vice President, assuming duties of Acting President of the Group. He is a member of the Executive Board Committee and the Environmental, Social and Governance Committee of the Board. He is also the Chairman of the Management Decision Committee of the Group and serves as a director of certain subsidiaries of the Company. He is currently a Non-executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK) and a Non-executive and Non-independent Chairman of Ying Li International Real Estate Limited (stock code: 5DM.SGX) and a Non-executive Director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). Mr. Pan was a Non-executive Director of China Everbright Environment Group Limited (stock code: 257.HK) from March 2024 to April 2025. Prior to joining the Group, Mr. Pan had served as a Director and Vice President of China Everbright Holdings Company Limited and a deputy general manager of each of the listing office and integrated development department of China Everbright Group Ltd., the controlling shareholders of the Company. He had also served as a business line director and general manager of the investment banking management headquarters of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). He previously worked as a lawyer at Ningbo Beilun Law Firm, a project manager, an assistant to general manager, a director of legal affairs office and a general manager of investment banking headquarters of Skyone Securities' investment banking division. Mr. Pan holds a Bachelor's degree in Law from China University of Political Science and Law, a Master's degree in Economics from Zhejiang University, and an Executive Master's Degree in business administration from Fudan University. He joined the Board in March 2025.

Mr. An Xuesong

Executive Director and Vice President

Mr. An Xuesong, aged 55, is an Executive Director and the Vice President of the Group in charge of finance, a member of the Executive Board Committee, Strategy Committee and Environmental, Social and Governance Committee of the Board. He is also a member of the Management Decision Committee of the Group and serves as a director of certain subsidiaries of the Company. Mr. An is currently the Chairman of the board and a Non-executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK), a Non-executive and Non-independent Director of Ying Li International Real Estate Limited (stock code: 5DM.SGX) and a Non-executive Director of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK). Mr. An was the Executive Director, Vice President and Chief Financial Officer of China Everbright Environment Group Limited (stock code: 257.HK) from October 2021 to March 2024. He was the Executive Director and Chief Executive Officer of China Everbright Water Limited (stock code: U9E.SG, 1857.HK) from December 2014 to October 2021. Prior to that, Mr. An worked at the Municipal General Office of Jingzhou, Hubei Province and Guangdong Technology Venture Capital Group Ltd.. Mr. An has comprehensive experience in mergers and acquisitions, project investment and management, financial management and risk management. Mr. An holds a Master's degree in Business Administration from Jinan University. He is a Certified Public Accountant in the People's Republic of China and a Certified International Internal Auditor. He joined the Board in April 2024.

Dr. Su Yang

Executive Director and Vice President

Dr. Su Yang, aged 45, is an Executive Director and Vice President of the Group in charge of the Real Estate Fund Investment and Management Centre and the Medical and Related Business Fund Department. He is also a member of the Executive Board Committee of the Board and the Management Decision Committee of the Group. Dr. Su is currently the Chairman of Everbright Jiabao Co., Ltd. (stock code: 600622.SH). Dr. Su worked at China Everbright Bank Company Limited (stock code: 601818.SH, 6818.HK) in July 2000, successively in the Audit Department, General Office and Investment Banking Department. Dr. Su joined Sun Life Everbright Life Insurance Co., Ltd. in March 2013, served as Board Secretary in May 2013, concurrently served as Director of the Board Office and Director of the Supervisory Board Office in December 2013, served as Assistant General Manager in January 2018, and served as the Deputy General Manager in August 2019. He has served as a Director of China Everbright Senior Healthcare Company Limited and a Director of Everbright Senior Healthcare Company Limited* (光大養老健康產業發展有限公司) since November 2022. Dr. Su holds a Bachelor's Degree in industrial foreign trade from Shanghai Jiao Tong University, a Master's Degree in economics from Peking University, and a Doctor's Degree in economics from Southwestern University of Finance and Economics. He joined the Board in December 2025.

Dr. Lin Zhijun

Independent Non-executive Director

Dr. Lin Zhijun, aged 71, is an Independent Non-executive Director and the Chairman of the Nomination Committee and Remuneration Committee of the Board. He is also a member of the Audit and Risk Management Committee and Strategy Committee of the Board. Dr. Lin is a Senior Advisor to the President and Professor of Macau University of Science and Technology. During August 1998 to December 2014, he was a Professor and Head of the Department of Accountancy and Law in Hong Kong Baptist University. He is also an Independent Non-executive Director of BOCOM International Holdings Company Limited (stock code: 3329.HK) and China Construction Bank Corporation (stock code: 939.HK, 601939.SH). Previously, Dr. Lin once served as an Independent Non-executive Director of Sinotruk (Hong Kong) Limited (stock code: 3808.HK) and Dali Foods Group Company Limited (delisted by privatization on 1 September 2023). Dr. Lin holds a Master's degree of Science in Accounting from University of Saskatchewan in Canada and a Doctoral degree in Economics (Accounting) from Xiamen University. Dr. Lin worked as a Visiting Professor in The University of Hong Kong and Tenured Professor in the Faculty of Management of Lethbridge University in Canada. He worked at the Toronto office of an international accounting firm (now known as "Deloitte"). Dr. Lin is also a member of the American Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants and the Australian Institute of Certified Management Accountants. He is a member of various educational accounting associations. Dr. Lin is also an author of a series of professional articles and books. He joined the Board in September 2005.

Mr. Law Cheuk Kin, Stephen, Justice of the Peace

Independent Non-executive Director

Mr. Law Cheuk Kin, Stephen, JP, aged 63, is an Independent Non-executive Director and the Chairman of the Strategy Committee of the Board. He is also a member of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Board. Mr. Law is a member of the 14th National Committee of the Chinese People's Political Consultative Conference. Mr. Law is also an Independent Non-executive Director of China Galaxy Securities Co., Ltd. (stock code: 601881.SH, 6881.HK), CSPC Pharmaceutical Group Limited (stock code: 1093.HK), Keymed Biosciences Inc. (stock code: 2162.HK), XtalPi Holdings Limited (formerly known as QuantumPharm Inc. (stock code: 2228.HK) and China Resources Gas Group Limited (stock code: 1193.HK). Mr. Law served as an independent non-executive director of Somerley Capital Holdings Limited (stock code: 8439.HK) from February 2019 to March 2026. Mr. Law served as the Finance Director and a member of the Executive Directorate of MTR Corporation Limited (stock code: 66.HK) ("MTR") from July 2013 to July 2016. Prior to joining MTR, he was the Chief Financial Officer of Guoco Group Limited, Hong Kong. Prior to that, Mr. Law had served as the Managing Director of TPG Growth Capital (Asia) Limited and had also held various senior positions in the Morningside Group and the Wheelock Group. He was also an Independent Non-executive Director of Stealth BioTherapeutics Corp. (stock code: MITO.Nasdaq) and Bank of Guizhou Co., Ltd. (stock code: 6199.HK). Mr. Law is currently the Managing Director of ANS Capital Limited. He is also currently the president and a council member of the Hong Kong Institute of Certified Public Accountants, a council member of Hong Kong Business Accountants Association. He also served as an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017. He is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Besides, Mr. Law has been appointed by the Ministry of Finance of the People's Republic of China (the "MOF") as an expert consultant to provide advice on finance and management accounting to the MOF. Mr. Law holds a Bachelor's degree in Science (Civil Engineering) from the University of Birmingham, the United Kingdom and also received a Master's degree in Business Administration from the University of Hull, the United Kingdom. He joined the Board in May 2018.

Mr. Wong Chun Sek Edmund

Independent Non-executive Director

Mr. Wong Chun Sek Edmund, aged 41, is an independent non-executive Director, a member of each of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee of the Board. Mr. Wong is an independent non-executive director of High Fashion International Limited (stock code: 608.HK), and China Merchants Land Asset Management Co., Limited which is the manager of China Merchants Commercial Real Estate Investment Trust (stock code: 1503.HK). He served as an independent non-executive director of Confidence Intelligence Holdings Limited (stock code: 1967.HK) from September 2019 to December 2024. Mr. Wong was a member of the Seventh Legislative Council of Hong Kong Special Administrative Region. Mr. Wong has more than 15 years of experience in accounting, taxation and auditing. He joined Deloitte Touche Tohmatsu as an audit associate in September 2007 and left as an audit senior in November 2011. Mr. Wong has joined Patrick Wong C.P.A. Limited as an audit manager since February 2012 and has been its practicing director since March 2013. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants of the United Kingdom, The Society of Chinese Accountants and Auditors, The Taxation Institute of Hong Kong, The Hong Kong Independent Non-executive Director Association, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Wong obtained a Bachelor's degree in Accountancy from Hong Kong Baptist University in November 2007, a Master's degree of Science in Applied Accounting and Finance from Hong Kong Baptist University in November 2013, a Master's degree in Business Administration from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in October 2016, a Master's degree in Corporate Governance from Hong Kong Metropolitan University in August 2017 and a Master's degree in Professional Accounting from The Hong Kong Polytechnic University in 2021. He joined the Board in March 2024.

Dr. Young Danqing Xu

Independent Non-executive Director

Dr. Young Danqing Xu, aged 63, is an Independent Non-executive Director and a member of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee of the Board. Dr. Young is a Professor in School of Accountancy at The Chinese University of Hong Kong ("CUHK"). She has served as the Director of School of Accountancy, Director of the Executive Master of Professional Accountancy Program, a member of the Executive Committee of the Faculty of Business Administration, a member of the Committee on Teaching and Learning Quality of EMBA, a member of the Senate Committees in the CUHK, and a member of various other committees in the CUHK. She has also served as the President of Hong Kong Accounting Academic Association and the Vice President of International Association for Accounting Education & Research. Dr. Young obtained a Bachelor of Science in Management Science and a Master of Art in Management of Industrial Economics from Fudan University in 1984 and 1987, respectively, and a Master of Art in Economics and a Doctor of Philosophy in Accounting from University of Connecticut, the United State, in 1990 and 1998, respectively. Dr. Young's research has been published in top journals in accounting such as Journal of Accounting Research, Journal of Accounting and Economics, The Accounting Review and Contemporary Accounting Research. She joined the Board in June 2025.

SENIOR MANAGEMENT

Mr. So Hiu Pang Kevin

Mr. So Hiu Pang Kevin, aged 50, is the Vice President and a member of the Management Decision Committee of the Group, and also serves as a director of certain subsidiaries of the Company. He is in charge of the Group's Consumption Fund Department, Overseas Infrastructure Fund Department, Fund of Funds Department, Green Fund Department, Merger and Acquisition Department and Asset Management Department. He is also the Vice Chairman of Everbright Jiabao Co., Ltd. (stock code: 600622.SH). Mr. So joined the Group in 2006. Mr. So holds a Master's degree in Business Administration from the Hong Kong Polytechnic University and a Bachelor's degree in Economics from Xiamen University. He was also a member of the third, the fourth and the fifth Election Committee of Hong Kong Special Administrative Region and a member of the twelfth session of All-China Youth Federation. Mr. So has extensive knowledge and experience in the financial industry and management.

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF CHINA EVERBRIGHT LIMITED
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Everbright Limited ("the Company") and its subsidiaries ("the Group") set out on pages 102 to 189, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Valuation of level 3 financial investments

Refer to note 2(f), 2(ac) and 40 to the consolidated financial statements

The Key Audit Matters

How the matter was addressed in our audit

As at 31 December 2025, financial instruments carried at fair value accounted for a significant portion of the Group's assets. The fair value of these financial assets was HK\$34,898,638,000, of which HK\$23,061,830,000 were classified as level 3 fair value measurement.

Management engaged external valuation specialists to assist the valuations for the Group's certain financial instruments. The valuation of the Group's level 3 financial instruments were measured using valuation techniques that involve significant inputs that were not based on observable market data ("unobservable inputs"). Where unobservable inputs were used, significant management judgement and estimates were made in the valuation process.

We identified assessment of the fair value of level 3 financial instruments as a key audit matter because of the degree of complexity involved in valuing these financial instruments and the degree of judgement exercised by management in determining the inputs used in the valuation models.

Our audit procedures to assess the valuation of level 3 financial instruments included the following:

- assessing the design, implementation and operating effectiveness of key internal controls over the valuation of the financial instruments;
- inspecting investment agreements of the financial instruments, on a sample basis, to understand the relevant contractual terms and identify features of the financial instruments that were relevant to the valuations;
- evaluating the competence, capability and objectivity of the external valuation specialists;
- with the assistance of our valuation specialists, assessing the fair value of financial instruments, on sample basis, by evaluating the appropriateness of the Group's valuation models, evaluating the reasonableness of the inputs and the appropriateness of the application by the Group; or either conducting independent valuation or obtaining inputs independently, and comparing our valuation results with that of the Group;
- comparing the fair values of those investment funds where the valuation is referenced to the funds' net asset value with the net asset value reports provided by independent fund managers, on a sample basis; and
- assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

Consolidation of structured entities	Refer to note 2(c) and 38 to the consolidated financial statements
The Key Audit Matters	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in a structured entity through issuing or acquiring an investment fund or collective investment schemes. In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and the nature of each entity. The impact of consolidating a structured entity on the consolidated statement of financial position could be significant.	Our audit procedures to assess the consolidation of structured entities includes the following: — assessing the design and implementation of key internal controls of financial reporting over consolidation of structured entities. — selecting significant structured entities of each key investment type and performing the following procedures for each item selected: — inspecting the related contracts and internal establishment documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; — evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; — performing independent analysis of the structured entity to assess the Group's ability to affect its own returns from the structured entity, including qualitative analysis of the Group's substantive rights and quantitative analysis of the magnitude and variability associated with its economic interests in the structured entity; and — evaluating management's judgement over whether the structured entity should be consolidated or not. — assessing the reasonableness of the disclosures in the financial statements in relation to consolidation of structured entities with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit and Risk Management Committee in discharging their responsibilities 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

(continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is CHUI, Ming Wai, Vivian (practising certificate number: P04860).

KPMG

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

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Turnover	4	8,286,292	6,548,605
Income from contracts with customers	4	321,920	407,124
Net income/(loss) from investments	4	998,201	(53,793)
<i>Interest income</i>		362,345	556,038
<i>Dividend income</i>		1,836,195	1,291,392
<i>Realised (loss)/gain on investments</i>		(6,379)	151,816
<i>Unrealised loss on investments</i>		(1,193,960)	(2,050,837)
<i>Others</i>		–	(2,202)
(Loss)/income from other sources	4	(113,572)	28,052
Impairment losses	5	(1,637,052)	(358,616)
Operating expenses	6	(763,201)	(823,835)
Loss from operating activities		(1,193,704)	(801,068)
Finance costs	7	(900,194)	(1,339,129)
Share of profits less losses of associates	16	429,383	3,544
Share of profits less losses of joint ventures	17	7,420	(41,272)
Loss before taxation		(1,657,095)	(2,177,925)
Income tax (expenses)/credit	9	(77,517)	313,266
Loss for the year		(1,734,612)	(1,864,659)
Attributable to:			
Equity shareholders of the Company		(2,007,723)	(1,909,019)
Holders of perpetual capital securities	32	82,911	78,993
Non-controlling interests		190,200	(34,633)
Loss for the year		(1,734,612)	(1,864,659)
Basic and diluted loss per share	13	HK\$(1.191)	HK\$(1.133)

The notes on pages 108 to 189 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year		(1,734,612)	(1,864,659)
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit or loss			
— Net movement in investment revaluation reserve of equity investments designated at fair value through other comprehensive income		(495,637)	1,539,717
Items that may be reclassified subsequently to profit or loss			
— Share of other comprehensive income and effect of foreign currency translation of associates		69,628	(204,121)
— Share of other comprehensive income and effect of foreign currency translation of joint ventures		17,807	(19,022)
— Other net movement in exchange reserve		299,493	(445,337)
	12	(108,709)	871,237
Total comprehensive income for the year		(1,843,321)	(993,422)
Attributable to:			
Equity shareholders of the Company		(2,158,502)	(1,008,523)
Holders of perpetual capital securities	32	82,911	78,993
Non-controlling interests		232,270	(63,892)
Total comprehensive income for the year		(1,843,321)	(993,422)

The notes on pages 108 to 189 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Non-current assets			
Property, plant and equipment	14	469,473	455,989
Investment properties	14	5,274,958	5,329,287
Investments in associates	16	17,899,983	17,017,451
Investments in joint ventures	17	747,531	729,803
Equity investments designated at fair value through other comprehensive income	18	6,076,978	6,572,616
Financial assets at fair value through profit or loss	19	20,336,825	22,032,489
		50,805,748	52,137,635
Current assets			
Financial assets at fair value through profit or loss	19	5,436,152	5,218,394
Advances to customers	20	3,249,173	3,059,342
Inventories	21	1,446,184	1,472,807
Debtors, deposits, prepayments and others	22	1,293,680	1,545,596
Trading securities	23	3,048,683	2,830,106
Cash and cash equivalents	24	8,503,853	8,422,125
		22,977,725	22,548,370
Current liabilities			
Trading securities	23	(728,386)	(378,368)
Creditors, deposits received and accrued charges	25	(2,892,942)	(2,574,238)
Bank loans	26	(7,247,619)	(9,300,158)
Bonds payable	28	(4,428,600)	(3,239,610)
Other financial liabilities	27	(538,654)	(437,378)
Lease liabilities	30	(19,728)	(20,473)
Provision for taxation		(576,464)	(672,775)
		(16,432,393)	(16,623,000)
Net current assets		6,545,332	5,925,370
Total assets less current liabilities		57,351,080	58,063,005

Consolidated Statement of Financial Position | Continued

As at 31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Non-current liabilities			
Bank loans	26	(5,222,076)	(4,084,395)
Bonds payable	28	(12,732,225)	(13,498,375)
Other financial liabilities	27	(6,019,309)	(6,441,964)
Lease liabilities	30	(42,961)	(18,049)
Deferred tax liabilities	29	(1,193,317)	(1,370,151)
		(25,209,888)	(25,412,934)
NET ASSETS		32,141,192	32,650,071
CAPITAL AND RESERVES			
Share capital	31	9,618,097	9,618,097
Reserves		17,778,218	20,108,567
Attributable to:			
Equity shareholders of the Company		27,396,315	29,726,664
Holders of perpetual capital securities	32	3,857,815	2,209,630
Non-controlling interests		887,062	713,777
TOTAL EQUITY		32,141,192	32,650,071

Approved and authorised for issue by the Board of Directors on 26 March 2026 and signed on behalf of the Board by:

Lin Chun
Director

An Xuesong
Director

The notes on pages 108 to 189 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Attributable to equity shareholders of the Company												
		Share capital	Option premium reserve	Investment revaluation reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total	Perpetual capital securities	Non-controlling interests	Total equity
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024		9,618,097	1,242	3,625,710	(664,792)	(86,127)	(1,806,265)	20,301,856	30,989,721	2,209,566	906,499	34,105,786
Net movement by non-controlling shareholders		-	-	-	-	(52)	-	-	(52)	-	(128,830)	(128,882)
Dividends paid	11	-	-	-	-	-	-	(252,788)	(252,788)	-	-	(252,788)
Distribution to holders of perpetual capital securities	32	-	-	-	-	-	-	-	-	(78,929)	-	(78,929)
Share of capital reserve of associates		-	-	-	-	(1,694)	-	-	(1,694)	-	-	(1,694)
Loss for the year		-	-	-	-	-	-	(1,909,019)	(1,909,019)	78,993	(34,633)	(1,864,659)
Other comprehensive income for the year		-	-	1,539,717	-	-	(639,221)	-	900,496	-	(29,259)	871,237
As at 31 December 2024 and as at 1 January 2025		9,618,097	1,242	5,165,427	(664,792)	(87,873)	(2,445,486)	18,140,049	29,726,664	2,209,630	713,777	32,650,071
Net movement by non-controlling shareholders		-	-	-	-	-	-	-	-	-	(58,985)	(58,985)
Dividends paid	11	-	-	-	-	-	-	(168,525)	(168,525)	-	-	(168,525)
Issuance of perpetual medium terms notes	32	-	-	-	-	-	-	-	-	1,644,255	-	1,644,255
Distribution to holders of perpetual capital securities	32	-	-	-	-	-	-	-	-	(78,981)	-	(78,981)
Share of capital reserve of associates		-	-	-	-	(3,322)	-	-	(3,322)	-	-	(3,322)
Loss for the year		-	-	-	-	-	-	(2,007,723)	(2,007,723)	82,911	190,200	(1,734,612)
Other comprehensive income for the year		-	-	(495,637)	-	-	344,858	-	(150,779)	-	42,070	(108,709)
As at 31 December 2025		9,618,097	1,242	4,669,790	(664,792)	(91,195)	(2,100,628)	15,963,801	27,396,315	3,857,815	887,062	32,141,192

The notes on pages 108 to 189 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	41(a)	545,397	1,691,434
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(1,606)	(14,763)
Proceeds from disposal of property, plant and equipment and investment properties		279	52,269
Proceeds from disposal of an associate		–	628
Investments in an associate		(700,000)	–
Divestment in joint ventures		–	144,850
Decrease in restricted cash		1,191	24,854
Proceeds from obtaining control of a subsidiary		13,332	–
Bank interest received		64,101	112,229
Dividends received from investments		322,503	299,232
Dividends received from associates and joint ventures		313,156	487,160
NET CASH INFLOW FROM INVESTING ACTIVITIES		12,956	1,106,459
NET CASH INFLOW BEFORE FINANCING ACTIVITIES		558,353	2,797,893
FINANCING ACTIVITIES			
Issuance of shares of subsidiaries to non-controlling shareholders		270	–
Redemption of non-controlling shareholders' shares		(35,786)	(109,049)
Proceeds from bank loans		18,903,233	21,613,350
Proceeds from issuance of medium term notes		3,321,450	9,363,230
Repayment of bank loans		(19,885,910)	(26,782,331)
Repayment of medium term notes and bonds		(3,321,450)	(6,042,625)
Issuance of perpetual medium term notes		1,644,255	–
Repayment of lease liabilities		(32,768)	(31,859)
Dividends paid to non-controlling shareholders		(29,993)	(19,780)
Dividends paid		(168,525)	(252,788)
Distribution to holders of perpetual capital securities		(78,981)	(78,929)
Interest paid		(922,673)	(1,271,296)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(606,878)	(3,612,077)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(48,525)	(814,184)
CASH AND CASH EQUIVALENTS			
Beginning of year		8,390,018	9,531,117
Exchange rate adjustments		131,444	(326,915)
End of year		8,472,937	8,390,018
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash – general accounts		7,935,949	7,810,665
Non-pledged time deposits with original maturity of less than three months when acquired		567,904	611,460
Restricted cash		(30,916)	(32,107)
End of year	24	8,472,937	8,390,018

The notes on pages 108 to 189 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. PRINCIPAL ACTIVITIES

China Everbright Limited (the “Company”) is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The Company considers Honorich Holdings Limited, a company incorporated in the British Virgin Islands, to be the immediate holding company of the Company and Central Huijin Investment Ltd. (“Huijin”) to be the ultimate holding company of the Company. Huijin is a state-owned investment company incorporated in accordance with China’s Company Law. Huijin was established in December 2003 and mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the State Council. In September 2007, the Ministry of Finance issued special treasury bonds and acquired all the shares of Huijin from the People’s Bank of China. The acquired shares were injected into China Investment Corporation (“CIC”) as part of its initial capital contribution. However, Huijin’s principal shareholder rights are exercised by the State Council. The members of Huijin’s Board of Directors and Board of Supervisors are appointed by and are accountable to the State Council. No financial statements were prepared by these companies available for public use.

The principal activity of the Company is investment holding. The Company, through its subsidiaries, associates and joint ventures, is principally engaged in investment activities and the provision of financial services.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the requirements of Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the material accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties (note 2(h)); and
- financial instruments classified as trading securities, financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial liabilities at fair value through profit or loss and derivative financial instruments (notes 2(f) and 2(n)).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 43.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill, and no gain or loss is recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value, and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(ab)(i)).

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. Structured entities often have restricted activities and a narrow and well defined objective. Involvement with unconsolidated structured entities is disclosed in note 38.

(d) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)). Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures. The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and further losses are not recognised except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the investee is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures (continued)

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(ab)(i)).

(e) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)). In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 2(l)).

On disposal of a cash generating unit, an associate or a joint venture during the year, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against goodwill reserves. Such goodwill is released from goodwill reserves to retained earnings when all or part of the business to which the goodwill is related is disposed of.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below (note 2(u)).

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Investments and other financial assets (continued)

Equity investments designated at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety based on the contractual cash flow characteristics and the Group's business model for managing such assets.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Derecognition of financial assets

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

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

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

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

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value at the end of the reporting period, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at the time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u).

(i) Other property and equipment

The following items of property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(l)):

- buildings held for own use which are situated on leasehold land, where the fair value could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(k)); and
- other items of equipment comprising leasehold improvements, furniture, fixtures and equipment, and motor vehicles.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. MATERIAL ACCOUNTING POLICIES (continued)

(j) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Interests in leasehold land held for own use under operating leases is depreciated over the unexpired terms of leases
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired terms of leases and their estimated useful lives, being not more than 50 years after the date of purchase
- Leasehold improvements over the shorter of 5 years and the lease terms
- Furniture, fixtures and equipment 3 to 20 years
- Motor vehicles 5 years
- Right-of-use assets over the shorter of the lease terms and the estimated useful lives

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Leased assets

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

Group as a lessee

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

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office premises. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments, including the initial direct costs, and presented as a receivable at an amount equal to the net investment in the lease.

2. MATERIAL ACCOUNTING POLICIES (continued)

(I) Impairment of assets

(i) Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. Depending on the nature of the financial instrument, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instrument is grouped based on similar credit risk characteristics. When making the assessment, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the risk of default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets (other than properties carried at revalued amount);
- Intangible assets;
- Investments in subsidiaries, associates and joint ventures in the Company's statement of financial position; and
- Goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Accounts receivable and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(v)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(l)(i)).

(n) Financial liabilities

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

(ii) Derecognition of financial liabilities

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(o) Inventories

Inventories are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(p) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For cash subject to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(q) 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.

Perpetual capital securities issued by the Company contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company; and the securities issued are non-derivative instruments that will be settled in the Company's own equity instruments, but include no contractual obligation for the Company to deliver a variable number of its own equity instruments. The Company classifies the securities issued as an equity instrument. Fees, commissions and other transaction costs of the securities issuance are deducted from equity. The dividends on the securities are recognised as profit distribution at the time of declaration.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. MATERIAL ACCOUNTING POLICIES (continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Dividend and interest income received by the Company or the Group may be subject to withholding tax imposed in the country of origin. Dividend and interest income is recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense.

(t) Provisions, contingent liabilities and onerous contracts

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Revenue recognition

Revenue from contracts with customers

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

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

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

Construction services

Revenue is recognised when the control over the residential and commercial projects has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential and commercial projects over time or at a point in time by determining if:

- its performance does not create an asset with an alternative use to the Group;
- the Group has an enforceable right to payment for performance completed to date.

The residential and commercial projects undertaken by the Group do not have an alternative use for the Group due to contractual restriction and the Group does not have an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised only when the legal title passes to the buyer or when the equitable interest in the property vests with the buyer upon signing of the property handover notice by the buyer, whichever is earlier.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

Provision of consultancy and management services

Revenue from the provision of consultancy and management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

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

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(v) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets as described in note 2(l).

(w) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

(x) Contract costs

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating to the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(aa) Government grants

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(ab) Non-current assets and disposal group held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale. The relevant asset can be classified as current asset if it meets the criteria to be classified as held for sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement of fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. MATERIAL ACCOUNTING POLICIES (continued)

(ac) Fair value measurement

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

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

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

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

Level 1 — Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 — Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 — Fair value measured using significant unobservable inputs

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

(ad) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

(ad) Related parties (continued)

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

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

(ae) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new or amended HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKAS 21	<i>The effects of changes in foreign exchange rates — Lack of exchangeability</i>
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The nature and the impact of the new or amended HKFRS Accounting Standards that are applicable to the Group are described below:

Amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability, specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The amendments do not have a material impact on these financial statements.

4. TURNOVER, INCOME FROM CONTRACTS WITH CUSTOMERS, INVESTMENTS AND OTHER SOURCES

Turnover disclosed in the consolidated statement of profit or loss represents the aggregate of service fee income, sales of inventories, interest income, dividend income, rental income from investment properties, rental income from finance leases and gross sale proceeds from disposal of trading securities of secondary market investments, in which the turnover of derivatives is defined as the absolute net profit or loss.

Income from contracts with customers, investments and other sources recognised during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Income from contracts with customers		
Recognised over time		
Management fee income	71,612	148,795
Rental income from investment properties	206,464	212,998
Recognised at a point in time		
Consultancy fee and performance fee income	28,221	35,062
Sales of inventories	15,623	10,269
	321,920	407,124
Net income/(loss) from investments		
Interest income		
Financial assets not at fair value through profit or loss		
Bank deposits	64,101	112,229
Advances to customers	211,679	344,850
Debt investments	86,565	98,959
Dividend income		
Financial assets at fair value through profit or loss and trading securities	1,513,692	992,160
Equity investments designated at fair value through other comprehensive income	322,503	299,232
Realised (loss)/gain on investments		
Net realised (loss)/gain on financial assets at fair value through profit or loss	(172,915)	32,802
Net realised gain on trading securities	166,536	119,014
Unrealised loss on investments		
Change of unrealised loss on financial assets at fair value through profit or loss	(1,279,725)	(2,100,782)
Change of unrealised gain on trading securities	85,765	49,945
Others		
Realised loss on disposal of an associate	–	(2,202)
	998,201	(53,793)
(Loss)/income from other sources		
Net loss on revaluation of investment properties	(185,859)	(95,096)
Rental income from finance leases	1,377	2,815
Gain/(loss) on disposal of property, plant and equipment	279	(3,239)
Exchange differences, net	(94,941)	34,708
Others	165,572	88,864
	(113,572)	28,052

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

5. IMPAIRMENT LOSSES

	2025 HK\$'000	2024 HK\$'000
Impairment losses on:		
— Advances to customers	1,344,074	148,000
— Debtors, deposits, prepayments and others	291,519	160,440
— Finance lease receivables	1,459	20,563
— Inventories	–	29,613
	1,637,052	358,616

6. OPERATING EXPENSES

	2025 HK\$'000	2024 HK\$'000
Depreciation and amortisation expenses	45,807	50,348
Lease payments not included in the measurement of lease liabilities	1,497	1,831
Auditor's remuneration	14,070	13,660
Management fee, consultancy fee, advisor fee and performance fee	76,604	77,139
Office expenses	18,893	21,082
Bank charges	12,564	47,249
Employee expenses (wages, bonuses and allowances)	228,678	249,926
Legal and professional fee	33,879	35,492
Other operating expenses	331,209	327,108
	763,201	823,835

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expense on bank loans and other borrowings	898,251	1,337,878
Interest expense on lease liabilities	1,943	1,251
	900,194	1,339,129

The effective interest rate of bank loans and other borrowings was approximately 2.95% (2024: 4.11%) per annum during the year ended 31 December 2025.

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments:

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2025

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	2025 Total HK\$'000
<i>Executive directors</i>					
Lin Chun	–	1,097	–	50	1,147
Pan Jianyun (note 1)	–	1,105	–	63	1,168
An Xuesong	–	1,462	–	64	1,526
Su Yang (note 2)	–	56	–	6	62
Wang Yun (note 3)	–	–	–	–	–
Yin Yanwu (note 4)	–	1,167	–	63	1,230
<i>Non-executive directors</i>					
Yu Fachang (note 5)	–	–	–	–	–
Qin Hongyuan (note 6)	–	–	–	–	–
<i>Independent non-executive directors</i>					
Lin Zhijun	200	298	–	–	498
Law Cheuk Kin Stephen	200	312	–	–	512
Wong Chun Sek Edmund	200	322	–	–	522
Young Danqing Xu (note 7)	104	198	–	–	302
	704	6,017	–	246	6,967

Note:

1. Mr. Pan Jianyun was appointed as an Executive Director with effect from 27 March 2025.
2. Dr. Su Yang was appointed as an Executive Director with effect from 18 December 2025.
3. Ms. Wang Yun resigned as an Executive Director with effect from 27 March 2025.
4. Mr. Yin Yanwu resigned as an Executive Director with effect from 18 December 2025.
5. Mr. Yu Fachang resigned as a Non-executive Director with effect from 2 March 2026.
6. Dr. Qin Hongyuan resigned as a Non-executive Director with effect from 26 March 2026.
7. Dr. Young Danqing Xu was appointed as an Independent Non-executive Director with effect from 25 June 2025.

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments: (continued)

For the year ended 31 December 2024

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	2024 Total HK\$'000
<i>Executive directors</i>					
Lin Chun (note 1)	–	1,637	–	72	1,709
An Xuesong (note 2)	–	1,462	–	54	1,516
Yin Yanwu	–	1,366	–	72	1,438
Wang Yun	–	1,396	–	72	1,468
Zhang Mingao (note 3)	–	–	–	–	–
<i>Non-executive directors</i>					
Yu Fachang	–	–	–	–	–
Qin Hongyuan (note 4)	–	–	–	–	–
Pan Wenjie (note 5)	–	–	–	–	–
Fang Bin (note 6)	–	–	–	–	–
<i>Independent non-executive directors</i>					
Lin Zhijun	200	364	–	–	564
Law Cheuk Kin Stephen	200	378	–	–	578
Wong Chun Sek Edmund (note 7)	155	236	–	–	391
Chung Shui Ming Timpson (note 8)	79	172	–	–	251
	634	7,011	–	270	7,915

Note:

1. Mr. Lin Chun was appointed as an Executive Director with effect from 4 January 2024.
2. Mr. An Xuesong was appointed as an Executive Director with effect from 5 April 2024.
3. Mr. Zhang Mingao was resigned as an Executive Director with effect from 4 January 2024.
4. Dr. Qin Hongyuan was appointed as a Non-executive Director with effect from 4 January 2024.
5. Ms. Pan Wenjie was resigned as a Non-executive Director with effect from 22 March 2024.
6. Mr. Fang Bin was resigned as a Non-executive Director with effect from 4 January 2024.
7. Mr. Wong Chun Sek Edmund was appointed as an Independent Non-executive Director with effect from 22 March 2024.
8. Dr. Chung Shui Ming Timpson was retired as an Independent Non-executive Director with effect from 23 May 2024.

8. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

	2025 HK\$'000	2024 HK\$'000
Salaries and other emoluments	9,507	9,449
Special reward and deferred bonuses	384	653
Retirement scheme contributions	195	186
	10,086	10,288

	2025	2024
Number of directors	—	—
Number of employees	5	5
	5	5

Their emoluments were within the following bands:

	Number of individuals	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$2,500,000	4	3
	5	5

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join the Group or as compensation for loss of office (2024: Nil).

Bonus payment is determined pursuant to the incentive schemes and relevant policies of the Group.

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

9. INCOME TAX EXPENSES/(CREDIT)

The provision for Hong Kong profits tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant tax jurisdictions.

The amount of taxation recognised in the consolidated statement of profit or loss represents:

	2025 HK\$'000	2024 HK\$'000
Current taxation		
— Hong Kong profits tax	12,151	27,008
— Overseas taxation	209,465	298,033
— Under-provision in prior years	11,113	4,103
Deferred taxation		
— Deferred taxation relating to the origination and reversal of temporary differences	(155,212)	(642,410)
Income tax expenses/(credit)	77,517	(313,266)

Reconciliation between income tax expenses/(credit) and accounting loss at applicable tax rates:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(1,657,095)	(2,177,925)
Calculated at the rates applicable to loss in the tax jurisdictions concerned	(484,486)	(595,736)
Tax effect of income not subject to taxation	(1,558,207)	(1,070,125)
Tax effect of expenses not deductible for taxation purposes	2,131,928	1,453,177
Tax effect of utilisation of previously unrecognised losses	(2,631)	(5,022)
Tax effect of tax losses and other deductible temporary differences not recognised	(20,200)	(99,663)
Under-provision of taxation in prior years	11,113	4,103
Income tax expenses/(credit)	77,517	(313,266)

The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred.

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit for the year of the Company attributable to equity shareholders of the Company of HK\$255,076,000 (2024: profit attributable to equity shareholders of the Company of HK\$175,995,000) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2025 HK\$'000	2024 HK\$'000
— Interim dividend declared and paid of HK\$0.05 (2024: HK\$0.05) per share	84,263	84,263
— Final dividend proposed after the end of the reporting period date of HK\$0.05 (2024: HK\$0.05) per share	84,262	84,262
	168,525	168,525

The Board proposed a final dividend of HK\$0.05 per share for the year ended 31 December 2025 (2024: HK\$0.05 per share). The proposed final dividend is not reflected as dividend payable in the financial statements.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 HK\$'000	2024 HK\$'000
— Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.05 (2024: HK\$0.10) per share	84,262	168,525

12. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	Before tax amount HK\$'000	2025 Tax credit HK\$'000	Net of tax amount HK\$'000	Before tax amount HK\$'000	2024 Tax credit HK\$'000	Net of tax amount HK\$'000
Net movement in investment revaluation reserve of equity investments designated at fair value through other comprehensive income	(495,637)	—	(495,637)	1,539,717	—	1,539,717
Share of other comprehensive income and effect of foreign currency translation of associates	69,628	—	69,628	(204,121)	—	(204,121)
Share of other comprehensive income and effect of foreign currency translation of joint ventures	17,807	—	17,807	(19,022)	—	(19,022)
Other net movement in exchange reserve	299,493	—	299,493	(445,337)	—	(445,337)
	(108,709)	—	(108,709)	871,237	—	871,237

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

13. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended 31 December 2025 is based on the loss attributable to equity shareholders of the Company of HK\$2,007,723,000 (2024: loss attributable to equity shareholders of the Company of HK\$1,909,019,000) and the weighted average number of 1,685,253,712 shares (2024: 1,685,253,712 shares) in issue during the year.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Interests in leasehold land held for own use under operating leases HK\$'000	Buildings held for own use carried at cost HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, equipment and motor vehicles HK\$'000	Other properties leased for own use HK\$'000	Total HK\$'000	Investment properties HK\$'000
Cost or valuation:							
At 1 January 2024	480,857	61,854	113,352	89,307	117,450	862,820	5,584,819
Additions	–	–	–	1,616	45,412	47,028	13,147
Disposals	–	–	–	(6,428)	(16,954)	(23,382)	(55,424)
Net loss on revaluation	–	–	–	–	–	–	(95,096)
Exchange adjustments	(4,979)	–	(1,840)	(453)	(749)	(8,021)	(118,159)
As at 31 December 2024	475,878	61,854	111,512	84,042	145,159	878,445	5,329,287
Representing:							
Cost	475,878	61,854	111,512	84,042	145,159	878,445	–
Professional valuation	–	–	–	–	–	–	5,329,287
	475,878	61,854	111,512	84,042	145,159	878,445	5,329,287
Cost or valuation:							
At 1 January 2025	475,878	61,854	111,512	84,042	145,159	878,445	5,329,287
Additions	–	–	–	1,606	53,887	55,493	–
Disposals	–	–	–	(2,305)	(35,192)	(37,497)	–
Net loss on revaluation	–	–	–	–	–	–	(185,859)
Exchange adjustments	5,753	–	1,872	480	1,511	9,616	131,530
As at 31 December 2025	481,631	61,854	113,384	83,823	165,365	906,057	5,274,958
Representing:							
Cost	481,631	61,854	113,384	83,823	165,365	906,057	–
Professional valuation	–	–	–	–	–	–	5,274,958
	481,631	61,854	113,384	83,823	165,365	906,057	5,274,958

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(a) Reconciliation of carrying amount (continued)

	Interests in leasehold land held for own use under operating leases HK\$'000	Buildings held for own use carried at cost HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, equipment and motor vehicles HK\$'000	Other properties leased for own use HK\$'000	Total HK\$'000	Investment properties HK\$'000
Accumulated depreciation:							
At 1 January 2024	144,107	24,317	59,967	77,601	92,861	398,853	–
Charge for the year	7,782	1,430	5,695	4,914	30,527	50,348	–
Written back on disposals	–	–	–	(6,398)	(16,179)	(22,577)	–
Exchange adjustments	(2,214)	(170)	(888)	(276)	(620)	(4,168)	–
As at 31 December 2024	149,675	25,577	64,774	75,841	106,589	422,456	–
At 1 January 2025	149,675	25,577	64,774	75,841	106,589	422,456	–
Charge for the year	7,745	1,431	5,002	3,959	27,670	45,807	–
Written back on disposals	–	–	–	(2,212)	(34,627)	(36,839)	–
Exchange adjustments	2,858	28	1,303	(65)	1,036	5,160	–
As at 31 December 2025	160,278	27,036	71,079	77,523	100,668	436,584	–
Net book value:							
As at 31 December 2025	321,353	34,818	42,305	6,300	64,697	469,473	5,274,958
As at 31 December 2024	326,203	36,277	46,738	8,201	38,570	455,989	5,329,287

- (b) The Group's interests in leasehold land and buildings and investment properties situated in Hong Kong and Chinese Mainland were appraised as at 31 December 2025 by RHL Appraisal Limited, Savills Real Estate Valuation (Guangzhou) Limited and Knight Frank Petty Limited, independent professional valuers who have, among their staff fellows of the Hong Kong Institute of Surveyors or the China Institute of Real Estate Appraisers and Agents, recent experience in the location and category of property being valued. These properties were appraised on an open market basis and investment properties are carried in the consolidated statement of financial position at market value.

As at 31 December 2025, had the Group's interests in leasehold land and buildings, which were carried at cost less accumulated depreciation, been carried at fair value, their carrying amount would have been HK\$602,037,000 (2024: HK\$797,900,000). Since such fair value is determined using significant unobservable inputs, it will be categorised as Level 3 under the fair value hierarchy as defined in HKFRS 13 Fair Value Measurement.

The fair value of the Group's interests in leasehold land and buildings in Hong Kong and Chinese Mainland is determined using the direct comparison approach based on prices realised on actual sales and/or asking prices of comparable properties. The valuations take into account the characteristics of the properties which include the size, scale, nature, character and location. Premiums or discounts will be applied based on characteristics of the properties.

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(b) (continued)

In the opinion of the Directors, the Group's existing use of its interest in leasehold land and buildings equates to the highest and best use of the assets.

Investment properties of HK\$4,386,014,000 (2024: HK\$4,376,684,000) of the Group are rented out under operating leases; HK\$652,450,000 (2024: HK\$689,702,000) are under construction and will be rented out upon completion of the construction.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

During the years ended 31 December 2025 and 31 December 2024, the Group did not acquire any assets through business combination.

The analysis of the net book value by class of underlying asset is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Interests in leasehold land held for own use, carried at depreciated cost in Hong Kong, with remaining lease term of:	(i)		
— 50 years or more		227,157	229,331
		227,157	229,331
Interests in leasehold land held for own use, carried at depreciated cost outside Hong Kong, with remaining lease term of:	(i)		
— between 10 and 50 years		94,196	96,872
		94,196	96,872
Other properties leased for own use, carried at depreciated cost		64,697	38,570
		64,697	38,570
Interests in leasehold investment properties, at fair value in Hong Kong, with remaining lease term of:			
— 50 years or more		11,100	10,100
		11,100	10,100
Interests in leasehold investment properties, at fair value outside Hong Kong, with remaining lease term of:			
— between 10 and 50 years		5,263,858	5,319,187
		5,263,858	5,319,187

(i) Interests in leasehold land held for own use

The Group is the registered owner of these property interests. Lump sum payments were made upfront to acquire leasehold land from their previously registered owners, and no ongoing payments will be made under the terms of the land leases, other than payments based on rateable values set by the relevant government authorities.

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The levels into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique are as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value HK\$'000	Fair value measurements categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Investment properties:				
As at 31 December 2025	5,274,958	—	—	5,274,958
As at 31 December 2024	5,329,287	—	—	5,329,287

During the year ended 31 December 2025, there were no transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation technique	Unobservable input	Range	Relationship of unobservable inputs to fair value
Investment property — Hong Kong	Direct comparison approach	Premium/(discount) on characteristic of the properties	0% to 3% (2024: -16% to -2%)	The higher the premium, the higher the fair value.
Investment properties — Chinese Mainland	Direct comparison approach	Weighted average price per square meter	RMB5,860 to RMB36,573 (2024: RMB5,860 to RMB36,573)	The higher the weighted average price per square meter, the higher the fair value.
	Income approach	Discount rate	5% to 7.5% (2024: 5.3% to 6%*)	The higher the discount rate, the lower the fair value.
		Occupancy rate	69% to 100% (2024: 64% to 100%*)	The higher the occupancy rate, the higher the fair value.
		Rental growth rate	1% to 9% (2024: 1.5% to 4%)	The higher the rental growth rate, the higher the fair value.
		Capitalisation rate	5% to 5.5% (2024: 3.5% to 4%)	The higher the capitalisation rate, the lower the fair value.

* Certain investment properties in Chinese Mainland were fully developed at year-end, and the Group has changed its valuation techniques for these investment properties accordingly.

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (continued)**(c) Fair value measurement of properties** (continued)**(ii) Information about Level 3 fair value measurements** (continued)

The fair value of investment property in Hong Kong is determined using the direct comparison approach to value the property in the existing state, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the property which included the location, size, shape, view, floor level, year of completion and other factors collectively.

The fair value of investment properties in Chinese Mainland is determined by multiple approaches including direct comparison approach and income approach, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the properties which included the location, size, floor level, year of completion and other factors collectively. Higher premiums for properties with better characteristics will result in a higher fair value measurement.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025 HK\$'000	2024 HK\$'000
Investment properties		
At 1 January	5,329,287	5,584,819
Additions	–	13,147
Disposals	–	(55,424)
Net loss on revaluation of investment properties	(185,859)	(95,096)
Exchange adjustments	131,530	(118,159)
At 31 December	5,274,958	5,329,287

Net loss on revaluation of investment properties is recognised as part of the “(Loss)/income from other sources” (note 4) in the consolidated statement of profit or loss.

15. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
CEL Venture Capital (Shenzhen) Limited	The PRC*	Not applicable	HK\$5,170,000,000	100%	Provision of investment advisory services and investment
CEL Management Services Limited	Hong Kong	Ordinary	2 Shares HK\$2	100%	Provision of management services
China Everbright Assets Management Limited	Hong Kong	Ordinary	5,000,000 Shares HK\$5,000,000	100% ¹	Provision of asset management services
China Everbright Finance Limited	Hong Kong	Ordinary	100,000,000 Shares HK\$100,000,000	100%	Money lending
China Everbright Financial Investments Limited	Hong Kong	Ordinary	1,000,000 Shares HK\$1,000,000	100%	Investment
China Everbright Industrial Investment Holdings Limited	Cayman Islands	Ordinary	10,000 Shares US\$10,000	100%	Investment
China Everbright Investment Management Limited	Hong Kong	Ordinary	5,000,000 Shares HK\$5,000,000	100%	Provision of investment management services
Fortunecrest Investment Limited	British Virgin Islands	Ordinary	1 Share US\$1	100%	Property investment
Janco Development Limited	Hong Kong	Ordinary	2 Shares HK\$2	100%	Property investment
光大匯益偉業投資管理(北京)有限公司	The PRC*	Not applicable	RMB125,300,000	100% ¹	Project investment
光大控股(江蘇)投資有限公司	The PRC*	Not applicable	RMB4,000,000,000	100%	Investment
宜興光控投資有限公司	The PRC*	Not applicable	RMB3,100,000,000	100% ¹	Project investment
Everbright (Qingdao) Investment Co., Limited	The PRC*	Not applicable	US\$160,000,000	100%	Investment
成都光控西部創業投資有限公司	The PRC*	Not applicable	RMB500,000,000	100% ¹	Investment

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For the year ended 31 December 2025

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
上海光控嘉鑫股權投資管理有限公司	The PRC*	Not applicable	RMB100,000,000	100% ¹	Fund management
青島光晟投資有限公司	The PRC*	Not applicable	US\$50,000,000	100% ¹	Investment
上海光控股權投資管理有限公司	The PRC*	Not applicable	RMB1,835,000,000	100% ¹	Investment
CEL Israel Holdings Limited	British Virgin Islands	Ordinary	1 Share US\$1	100% ¹	Investment holding
China Everbright Global Investment Advisors Company Limited	Hong Kong	Ordinary	5,000,000 Shares HK\$5,000,000	100% ¹	Provision of advisory services
Everbright Hero GP Limited	Cayman Islands	Ordinary	1 Share US\$1	100% ¹	Fund management
Everbright Hero, L.P.	Cayman Islands	Not applicable	Not applicable	90.16% ¹	Investment
光控投資管理(上海)有限公司	The PRC ^Δ	Not applicable	RMB200,000,000	100% ¹	Provision of investment management services
Diamond Wealth Global Limited	British Virgin Islands	Ordinary	100 Shares US\$100	100% ¹	Investment holding
Pioneer Act Investments Limited	British Virgin Islands	Ordinary	1 Share US\$1	100% ¹	Investment holding
CEL Global Investment LP Limited	Cayman Islands	Ordinary	1 Share US\$1	100% ¹	Investment holding
CEL Elite Limited	Hong Kong	Ordinary	1 Share HK\$1	100% ¹	Treasury management
北京光控浦益創業投資有限公司	The PRC*	Not applicable	RMB310,000,000	100% ¹	Fund management
China Golden Opportunities Fund III, L.P.	Cayman Islands	Not applicable	Not applicable	75.09% ¹	Investment
CEL New Economy Fund, L.P.	Cayman Islands	Not applicable	Not applicable	64.84% ¹	Investment
湖南光控星宸股權投資合夥企業(有限合夥)	The PRC [◇]	Not applicable	RMB5,100,000,000	50.94% ¹	Investment

15. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Class of shares	Particulars of issued and paid up capital/ registered capital	Percentage of equity interest held by the Company	Principal activities
江蘇溧陽光控股權投資合夥企業 (有限合夥)	The PRC [◇]	Not applicable	RMB2,000,000,000	49.91% ¹	Investment
贛州光控蘇區高質量發展產業 投資基金(有限合夥)	The PRC [◇]	Not applicable	RMB2,500,000,000	33.31% ¹	Investment
廣州光控穗港澳青年創業股權 投資合夥企業(有限合夥)	The PRC [◇]	Not applicable	RMB1,000,000,000	39.8% ¹	Investment

⁽¹⁾ Subsidiaries held indirectly.

Limited liability companies (wholly-foreign-owned enterprise) registered under PRC law.

△ Limited liability companies (equity joint venture enterprise) registered under PRC law.

* Limited liability companies registered under PRC law.

◇ Limited partnership enterprises registered under PRC law.

The list of subsidiaries above included certain consolidated structured entities of which the Group has capital commitment of HK\$2,790,281,000 (2024: HK\$2,029,493,000) to provide capital to support the operating and investing activities. The Group has no intention and did not provide any other financial support to these consolidated structured entities during the year.

Acquisition of non-controlling interests

During the years ended 31 December 2025 and 2024, there were no material acquisition of non-controlling interests.

16. INVESTMENTS IN ASSOCIATES**(a) Investments in associates**

	2025 HK\$'000	2024 HK\$'000
Carrying value, net (note)	17,899,983	17,017,451
Market value of shares listed in Chinese Mainland	19,947,638	20,221,961
Market value of shares listed in Hong Kong	1,309,390	1,017,470

As at 31 December 2025, the share of profits less losses of associates, amounted to HK\$429,383,000 (2024: HK\$3,544,000) included in the consolidated statement of profit or loss.

Note:

As at 31 December 2025, the Group's net carrying value of its investment in Everbright Jiabao Co., Ltd ("Everbright Jiabao"), an associate of the Group, amounted to HK\$850,671,000 (2024: HK\$1,262,039,000).

As at 31 December 2025, the Group performed an impairment testing on the investment on the basis of the amount recoverable from the associates with reference to the fair value of the underlying assets held by the associates and this demonstrated that the recoverable amount of the investment was higher than the carrying value as at 31 December 2025. The Group has concluded no additional or reversal of impairment loss is required for the year.

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16. INVESTMENTS IN ASSOCIATES (continued)

(b) As at 31 December 2025, particulars of the principal investments in associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Everbright Securities Company Limited [#] ("Everbright Securities")	The PRC	Securities operations (note 1)	20.73%
China Aircraft Leasing Group Holdings Limited ^{##} ("CALC")	Cayman Islands	Investment holding (note 2)	37.89% *
Everbright Jiabao ^{###}	The PRC	Real estate development/real estate asset management (note 3)	29.17% *
China Everbright Senior Healthcare Company Limited ("Everbright Senior Healthcare")	Hong Kong	Providing senior health care services (note 4)	49.29% *

[#] Market value of the listed shares in Chinese Mainland as at 31 December 2025 was equivalent to HK\$18,575,872,000 (2024: HK\$18,696,295,000).

^{##} Market value of the listed shares in Hong Kong as at 31 December 2025 was HK\$1,309,390,000 (2024: HK\$1,017,470,000).

^{###} Market value of the listed shares in Chinese Mainland as at 31 December 2025 was equivalent to HK\$1,371,766,000 (2024: HK\$1,525,666,000).

* Held indirectly

Note 1: Everbright Securities is the Group's cornerstone investment, with an investment cost of HK\$1,497,149,000 (2024: HK\$1,497,149,000).

Note 2: CALC is the Group's key investee engaged in providing full life-cycle aircraft leasing solutions.

Note 3: Everbright Jiabao is the Group's major investee engaged in real estate development and asset management in Chinese Mainland.

Note 4: Everbright Senior Healthcare is the Group's key investee to provide integrated senior health care services including elderly health care, geriatric treatment, rehabilitation and community services in Chinese Mainland.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

16. INVESTMENTS IN ASSOCIATES (continued)

(c) Supplementary financial information of the principal associates

Supplementary financial information in respect of an individually material associate extracted from its financial statements is as follows:

	Everbright Securities	
	2025 HK\$'000	2024 HK\$'000
Gross amounts of the associate		
Current assets	273,485,579	264,806,471
Non-current assets	78,733,819	51,460,515
Current liabilities	(244,785,182)	(208,836,990)
Non-current liabilities	(26,826,408)	(32,665,119)
Perpetual subordinated bonds	(12,179,327)	(10,259,338)
Non-controlling interests	(973,263)	(899,913)
Equity attributable to equity shareholders of the associate	67,455,218	63,605,626
Operating income	11,845,674	10,527,358
Profit from operating activities	4,101,932	3,384,363
Other comprehensive income	(404,859)	471,229
Total comprehensive income	3,697,073	3,855,592
Dividend received from the associate	228,131	389,484
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	67,455,218	63,605,626
Group's effective interest	20.73%	20.73%
Group's share of net assets of the associate	13,986,402	13,188,214
Carrying amount in the Group's consolidated financial statements	13,986,402	13,188,214

Aggregate information of the associates that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amount of associates that are not individually material in the consolidated statement of financial position	3,913,581	3,829,237
Aggregate amounts of the Group's share of those associates:		
Loss for the year	(325,618)	(604,125)
Other comprehensive income	(205,012)	(16,208)
Total comprehensive income	(530,630)	(620,333)

For the year ended 31 December 2025

17. INVESTMENTS IN JOINT VENTURES**(a) Investments in joint ventures**

	2025 HK\$'000	2024 HK\$'000
Carrying value, net	747,531	729,803

(b) As at 31 December 2025, details of the Group's principal investments in joint ventures are as follows:

Name of joint venture	Place of incorporation/ operation	Principal activities	Percentage of equity interest held by the Company
Wuxi Ronghong Guolian Capital Co., Ltd.	The PRC	Venture capital and investment advisory services (note 1)	50.0% *
山東玖泰產業私募基金有限公司 (Formerly known as 山東高速 光控產業投資基金管理有限公司)	The PRC	Fund management services (note 2)	48.0% *
CEL Capital Prestige Asset Management Co., Ltd.	The PRC	Assets management services (note 3)	49.0% *

* Held indirectly

As at 31 December 2025, the share of profits less losses of joint ventures, amounted to HK\$7,420,000 (2024: share of losses of HK\$41,272,000) included in the consolidated statement of profit or loss.

Note 1: Wuxi Ronghong Guolian Capital Co., Ltd. is a joint venture of the Group to provide investment advisory services to a joint venture fund in Chinese Mainland.

Note 2: 山東玖泰產業私募基金有限公司 (Formerly known as 山東高速光控產業投資基金管理有限公司) is a joint venture of the Group to provide fund management services to an industrial sector investment fund in Chinese Mainland.

Note 3: CEL Capital Prestige Asset Management Co., Ltd. is a joint venture of the Group and an asset management institution established under approval of the China Securities Regulatory Commission.

All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
At fair value:		
Listed equity securities		
— outside Hong Kong	6,076,978	6,572,616

The Group designated the investment in China Everbright Bank Company Limited (“China Everbright Bank”) as financial assets at fair value through other comprehensive income because the Group intends to hold for the long-term strategic purposes. The investment cost of the Group’s investment in China Everbright Bank is HK\$1,407,189,000 (2024: HK\$1,407,189,000).

No disposal was made during the year ended 31 December 2025, and there were no transfers of any cumulative gain or loss within equity relating to this investment (2024: Nil).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
At fair value:		
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	14,888,692	15,851,841
Unlisted preference shares		
— outside Hong Kong	5,035,294	5,844,212
Unlisted debt securities		
— outside Hong Kong	412,839	336,436
	20,336,825	22,032,489
Current assets		
At fair value:		
Listed equity securities		
— in Hong Kong	1,251,170	756,031
— outside Hong Kong	1,459,977	785,926
Unlisted equity securities/collective investment schemes*		
— outside Hong Kong	2,698,749	3,558,998
Unlisted debt securities		
— outside Hong Kong	26,256	117,439
	5,436,152	5,218,394

* Included in the balance of unlisted equity securities/collective investment schemes are the Group’s interests in unconsolidated structured entities amounting to HK\$14,447,849,000 (2024: HK\$15,542,694,000).

For the year ended 31 December 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

As at 31 December 2025, the Group's listed and unlisted equity securities and collective investment schemes amounting to a fair value of HK\$14,895,027,000 (2024: HK\$16,868,249,000) were investments in associates and joint ventures. The Group was exempted from applying the equity method to these investments and they were measured as financial assets at fair value through profit or loss.

As at 31 December 2025 and 31 December 2024, the Group had certain unlisted financial assets at fair value through profit or loss recorded at a purchase price which was below the fair value at inception that would be determined at that date using a valuation technique. According to the Group's accounting policy, the difference yet to be recognised in the consolidated statement of profit or loss at the beginning and the end of the year is as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	7,110	7,129
Released during the year	(7,135)	–
Exchange adjustment	25	(19)
As at 31 December	–	7,110

20. ADVANCES TO CUSTOMERS

	2025 HK\$'000	2024 HK\$'000
Current assets		
Term loans to customers		
— secured	4,102,357	1,178,525
— unsecured	1,602,404	2,983,517
Total term loans to customers	5,704,761	4,162,042
Less: Impairment allowance	(2,455,588)	(1,102,700)
Net carrying value	3,249,173	3,059,342

Certain term loans to customers are secured by unlisted securities or leasehold land and properties in Hong Kong and Chinese Mainland with third parties guarantees.

Certain advances to customers are provided to related parties. Details are stated in note 36(b).

20. ADVANCES TO CUSTOMERS (continued)

Term loans to customers are categorised into the following internal credit risk grades:

The Group classifies the credit risk levels of term loans to customers into “Low” (credit risk in excellent condition), “Medium” (credit risk in normal condition), and “High” (credit risk in severe condition), based on the quality of loans. The credit risk level is used for the purpose of the Group’s internal credit risk management.

“Low” refers to borrowers with excellent credit quality, or bridge loans with tenor less than 6 months. There is no sufficient reason to doubt the obligations to repay or there are no other behaviours breaching the debt contracts that would significantly impact on the repayment. “Medium” refers to borrowers who are currently meeting their repayment obligations and full repayment of interest and principal is not in doubt. “High” refers to borrowers who are vulnerable to non-payment according to the debt contract terms, or having significant impact on the repayment of debt according to contract terms. “Default” is triggered when a repayment obligation is in default; or borrowers are in the stage of filing of a bankruptcy petition or taking of similar action.

Analysis of the gross carrying amounts of term loans by the Group’s internal credit rating and year end classification are as follows:

As at 31 December 2025

Internal rating grade	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Medium	–	–	–	–
High	–	2,756,804	–	2,756,804
Default	–	–	2,947,957	2,947,957
	–	2,756,804	2,947,957	5,704,761

As at 31 December 2024

Internal rating grade	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Medium	–	–	–	–
High	–	1,266,270	–	1,266,270
Default	–	–	2,895,772	2,895,772
	–	1,266,270	2,895,772	4,162,042

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

20. ADVANCES TO CUSTOMERS (continued)

Analysis of the gross carrying amount and the corresponding impairment allowance are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2024	5,854	1,697,398	2,333,606	4,036,858
New assets originated or purchased	–	450,126	–	450,126
Assets derecognised or repaid	(5,854)	(242,667)	(210)	(248,731)
Transfer from stage 2 to stage 3	–	(605,001)	605,001	–
Exchange difference	–	(33,586)	(42,625)	(76,211)
As at 31 December 2024 and 1 January 2025	–	1,266,270	2,895,772	4,162,042
New assets originated or purchased	–	1,528,799	–	1,528,799
Assets derecognised or repaid	–	(65,719)	(13,879)	(79,598)
Exchange difference	–	27,454	66,064	93,518
As at 31 December 2025	–	2,756,804	2,947,957	5,704,761

The movements in the impairment allowance on term loans to customers are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2024	5	334,923	631,357	966,285
Other changes (including new assets and derecognised assets)	(5)	(243,479)	391,484	148,000
Exchange difference	–	(4,514)	(7,071)	(11,585)
As at 31 December 2024 and 1 January 2025	–	86,930	1,015,770	1,102,700
Other changes (including new assets and derecognised assets)	–	581,577	762,497	1,344,074
Exchange difference	–	(2,576)	11,390	8,814
As at 31 December 2025	–	665,931	1,789,657	2,455,588

Except for the above impairment allowance of HK\$2,455,588,000 (2024: HK\$1,102,700,000), there were no other significant loans to customers, that were aged, requiring significant impairment provision as at 31 December 2025 and 2024.

21. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Properties under development	135,529	132,189
Completed properties	1,310,655	1,340,618
	1,446,184	1,472,807

22. DEBTORS, DEPOSITS, PREPAYMENTS AND OTHERS

	2025 HK\$'000	2024 HK\$'000
Accounts receivable	554,890	492,122
Deposits, prepayments, interest and other receivables and others	1,706,095	1,731,198
	2,260,985	2,223,320
Less: Impairment allowance	(967,305)	(677,724)
	1,293,680	1,545,596

Accounts receivable are mainly amounts due from brokers, collectable in cash within one year and divestment proceeds receivable.

The carrying amount of debtors, deposits, prepayments and others approximated to their fair value as at 31 December 2025 and 2024.

Their impairment allowance was assessed with reference to the credit status of the debtors, and impairment allowance of HK\$967,305,000 was recognised as at 31 December 2025 (2024: HK\$677,724,000).

Interest receivable from advances to customers of HK\$965,027,000 (2024: HK\$837,959,000) is included within "Debtors, deposits, prepayments and others". Impairment allowance on interest receivable from advances to customers as at 31 December 2025 was HK\$559,598,000 (2024: HK\$267,911,000). The Group applies a three-stage approach to measure the expected credit loss allowance for interest receivable in accordance with HKFRS 9.

The movements in the impairment allowance for debtors, deposits, and others are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2024	–	30,353	486,931	517,284
Other changes (including new assets and derecognised assets)	–	1,278	159,162	160,440
As at 31 December 2024 and 1 January 2025	–	31,631	646,093	677,724
Other changes (including new assets and derecognised assets)	–	8,806	282,713	291,519
Exchange difference	–	(237)	(1,701)	(1,938)
As at 31 December 2025	–	40,200	927,105	967,305

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

23. TRADING SECURITIES

	2025 HK\$'000	2024 HK\$'000
Current assets		
At fair value:		
Listed equity securities		
— in Hong Kong	29,355	55,178
— outside Hong Kong	47,378	2,973
Listed debt securities		
— in Hong Kong	504,651	922,064
— outside Hong Kong	2,393,092	1,774,621
Unlisted debt securities	48,119	60,594
Listed funds	—	1,320
Derivatives		
— listed	139	5
— unlisted	25,949	13,351
	3,048,683	2,830,106
Current liabilities		
At fair value:		
Listed equity securities		
— in Hong Kong	(453,921)	(168,002)
— outside Hong Kong	(217,429)	(172,486)
Listed debt securities		
— outside Hong Kong	—	(6,151)
Derivatives		
— listed	(382)	(63)
— unlisted	(56,654)	(31,666)
	(728,386)	(378,368)

24. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash on hand, savings and current accounts	7,935,949	7,810,665
Fixed deposits with banks	567,904	611,460
Cash and cash equivalents in the consolidated statement of financial position	8,503,853	8,422,125
Less: Restricted cash	(30,916)	(32,107)
Cash and cash equivalents in the consolidated statement of cash flows	8,472,937	8,390,018

Restricted bank balances of HK\$30,916,000 (31 December 2024: HK\$32,107,000) were pledged to banks for sales of mortgaged properties to customers and interest reserve account on borrowings.

25. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
Creditors, deposits received and accrued charges	2,892,942	2,574,238

26. BANK LOANS

	2025 HK\$'000	2024 HK\$'000
Maturity details are as follows:		
Within 1 year	7,247,619	9,300,158
1 to 2 years	4,680,605	120,290
2 to 5 years	234,948	3,604,161
Over 5 years	306,523	359,944
	12,469,695	13,384,553

As at 31 December 2025, the bank loans were secured as follows:

	2025 HK\$'000	2024 HK\$'000
Bank loans:		
— secured	811,814	891,969
— unsecured	11,657,881	12,492,584
	12,469,695	13,384,553

As at 31 December 2025, the bank loans were secured by:

- (a) Mortgage over certain investment properties with carrying value of approximately HK\$2,347 million (31 December 2024: approximately HK\$2,289 million).

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

27. OTHER FINANCIAL LIABILITIES

	Note	2025 HK\$'000	2024 HK\$'000
Current:			
Financial liabilities to third party investors	(a)	538,654	437,378
Non-current:			
Financial liabilities to third party investors	(a)	6,019,309	6,441,964

- (a) Financial liabilities to third party investors were incurred by the Group's fund management business. The Group issues fund units to third party investors to raise funds through the establishment of investment funds. After the end of the exit period of the investment funds (or the period extended pursuant to the fund agreements and approved by the investors), the Group shall distribute the principal of the fund units and the return thereof to the investors pursuant to the fund agreements, provided that the distribution amount shall be determined in accordance with the fund's performance. The Group does not guarantee the principal and return of third party investors' interests in the investment funds.

28. BONDS PAYABLE

	2025 HK\$'000	2024 HK\$'000
As at 1 January	16,737,985	13,793,500
New issuance during the year	3,321,450	9,363,230
Repayments during the year	(3,321,450)	(6,042,625)
Exchange adjustment	422,840	(376,120)
As at 31 December	17,160,825	16,737,985

	2025 HK\$'000	2024 HK\$'000
Maturity details are as follows:		
Within 1 year	4,428,600	3,239,610
1 to 2 years	3,875,025	4,319,480
2 to 5 years	8,857,200	9,178,895
	17,160,825	16,737,985

All the bonds payable of HK\$17,160,825,000 were unsecured as at 31 December 2025 (2024: HK\$16,737,985,000).

29. DEFERRED TAXATION

The movements in the deferred tax liabilities recognised in the consolidated statement of financial position are as follows:

	Fair value adjustment for financial assets at fair value through profit or loss and investment properties		Withholding tax on subsidiaries' and associates' profit		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
At 1 January	(895,463)	(1,562,602)	(474,688)	(474,691)	(1,370,151)	(2,037,293)
Credited/(charged) to profit or loss	209,669	642,407	(54,457)	3	155,212	642,410
Exchange adjustments	21,622	24,732	–	–	21,622	24,732
At 31 December	(664,172)	(895,463)	(529,145)	(474,688)	(1,193,317)	(1,370,151)

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets, in respect of tax losses of approximately HK\$3,405 million (2024: approximately HK\$3,362 million), as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant entities. The tax losses do not expire under current tax legislation except for those incurred by entities registered in the PRC where tax losses can be carried forward for 5 years from the year in which such losses are incurred.

30. LEASE LIABILITIES

The Group as a lessee

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

	2025 HK\$'000	2024 HK\$'000
As at 1 January	38,522	23,866
Additions	53,886	45,412
Disposal	(548)	(775)
Interest expense	1,943	1,251
Payments	(32,768)	(31,859)
Exchange adjustments	1,654	627
As at 31 December	62,689	38,522
Analysed into:		
Current portion	19,728	20,473
Non-current portion	42,961	18,049

For the year ended 31 December 2025

31. SHARE CAPITAL**(a) Share capital**

	2025		2024	
	No. of shares (‘000)	HK\$’000	No. of shares (‘000)	HK\$’000
Ordinary shares issued and fully paid: At 1 January and at 31 December	1,685,254	9,618,097	1,685,254	9,618,097

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

(b) Capital management

The Group’s primary objectives in capital management are maximising shareholders’ return, matching of business funding needs and maintaining the Group’s ability to continue as a going concern. Management regularly, or as changes in circumstances warrant, reviews and manages the Group’s capital structure so as to maintain a proper balance amongst shareholders’ returns, leveraging and funding requirement.

Adjusted net debt is defined as total debt, which includes interest-bearing loans and borrowings, notes payable and bonds payable, plus unaccrued proposed dividends less cash and cash equivalents.

Adjusted capital comprises all components of equity, less unaccrued proposed dividends. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The adjusted net debt-to-capital ratio at 31 December 2025 and 2024 was as follows:

	2025 HK\$’000	2024 HK\$’000
Current liabilities		
Bank loans	7,247,619	9,300,158
Bonds payable	4,428,600	3,239,610
	11,676,219	12,539,768
Non-current liabilities		
Bank loans	5,222,076	4,084,395
Bonds payable	12,732,225	13,498,375
Total debt	29,630,520	30,122,538
Add: Proposed dividend	84,262	84,262
Less: Cash and cash equivalents in the consolidated statement of cash flows	(8,472,937)	(8,390,018)
Adjusted net debt	21,241,845	21,816,782
Total equity	32,141,192	32,650,071
Less: Proposed dividend	(84,262)	(84,262)
Adjusted capital	32,056,930	32,565,809
Adjusted net debt-to-capital ratio	66%	67%

31. SHARE CAPITAL (continued)**(b) Capital management** (continued)

As at 31 December 2025, the Group's liquidity remained healthy. The addition of financial resources is mainly attributable to returns, through divestments and dividends, from investments. During the year, the Group has also made ongoing investments over advances to customers, trading securities and financial assets at fair value through profit or loss. To enhance shareholders' returns, the Group continues to seek new investment opportunities while maintaining a healthy capital structure.

The Company is not subject to externally imposed capital requirements. Certain subsidiaries of the Company are subject to regulatory imposed capital and liquid capital requirements (see also note 39(b)). These subsidiaries have complied with those requirements at all time during both the current and prior financial years.

32. PERPETUAL CAPITAL SECURITIES

	Principal HK\$'000	Distribution HK\$'000	Total HK\$'000
As at 1 January 2024	2,184,880	24,686	2,209,566
Profit attributable to holders of perpetual capital securities	–	78,993	78,993
Distribution to holders of perpetual capital securities	–	(78,929)	(78,929)
As at 31 December 2024 and 1 January 2025	2,184,880	24,750	2,209,630
Issuance of perpetual medium term notes	1,644,255	–	1,644,255
Profit attributable to holders of perpetual capital securities	–	82,911	82,911
Distribution to holders of perpetual capital securities	–	(78,981)	(78,981)
As at 31 December 2025	3,829,135	28,680	3,857,815

In 2023, the Company issued perpetual medium term notes with the principal amount of RMB 2,000,000,000 (equivalent to approximately HK\$2,184,880,000). The distribution rate for the perpetual medium term notes is 3.60% per annum for the first 3 years from the date of issuance (i.e., 8 September 2026), and subsequently the distribution rate will be reset in every 3 calendar years. The distribution of perpetual medium term notes is accrued in accordance with the distribution rate and such distribution shall be payable annually in arrears on 8 September of each year.

In 2025, the Company issued perpetual medium term notes with the principal amount of RMB1,500,000,000 (equivalent to approximately HK\$1,644,225,000). The distribution rate for the perpetual medium term notes is 2.17% per annum for the first 2 years from the date of issuance (i.e., 17 November 2027), and subsequently the distribution rate will be reset in every 2 calendar years. The distribution of perpetual medium term notes is accrued in accordance with the distribution rate and such distribution shall be payable annually in arrears on 17 November of each year.

The perpetual medium term notes have no maturity and the payments of distribution can be deferred into perpetuity at the discretion of the Company. The instruments could only be redeemed at the option of the Company. In substance, the perpetual medium term notes were considered as perpetual capital securities.

Notes to The Financial Statements | Continued

For the year ended 31 December 2025

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Non-current assets			
Investments in subsidiaries	15	10,934,101	9,164,164
Amounts due from subsidiaries		16,666,845	16,471,215
Investment in an associate		1,497,149	1,497,149
Investment in a joint venture		–	1,143
Equity investments designated at fair value through other comprehensive income		6,076,978	6,572,616
		35,175,073	33,706,287
Current assets			
Amounts due from subsidiaries		16,536,810	17,969,092
Debtors, deposits, prepayments and others		319,462	316,448
Cash and cash equivalents		955,139	447,971
		17,811,411	18,733,511
Current liabilities			
Amounts due to subsidiaries		(6,086,169)	(6,020,326)
Bank loans		(6,464,290)	(8,400,000)
Bonds payable		(4,428,600)	(3,239,610)
Creditors, deposits received and accrued charges		(311,918)	(332,307)
		(17,290,977)	(17,992,243)
Net current assets		520,434	741,268
Total assets less current liabilities		35,695,507	34,447,555
Non-current liabilities			
Bank loans		(2,275,005)	(1,500,000)
Bonds payable		(12,732,225)	(13,498,375)
Deferred tax liabilities		(333,963)	(333,963)
		(15,341,193)	(15,332,338)
NET ASSETS		20,354,314	19,115,217
CAPITAL AND RESERVES			
Share capital	31	9,618,097	9,618,097
Reserves	34	6,878,402	7,287,490
Perpetual capital securities	32	3,857,815	2,209,630
TOTAL EQUITY		20,354,314	19,115,217

Approved and authorised for issue by the Board of Directors on 26 March 2026 and signed on behalf of the Board by:

Lin Chun
Director

An Xuesong
Director

34. RESERVES

(a) The movements in the Company's reserves during the year are as follows:

	Note	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2024		9,618,097	3,625,710	2,198,856	15,442,663
Dividends paid	11	–	–	(252,788)	(252,788)
Profit for the year		–	–	175,995	175,995
Other comprehensive income for the year		–	1,539,717	–	1,539,717
As at 31 December 2024 and 1 January 2025		9,618,097	5,165,427	2,122,063	16,905,587
Dividends paid	11	–	–	(168,525)	(168,525)
Profit for the year		–	–	255,076	255,076
Other comprehensive income for the year		–	(495,639)	–	(495,639)
As at 31 December 2025		9,618,097	4,669,788	2,208,614	16,496,499

(b) Nature and purpose of reserves

(i) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(f).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investments in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

(iii) Goodwill reserve

The goodwill reserve comprises goodwill on acquisitions that occurred prior to 1 January 2001. The reserve is dealt with in accordance with the accounting policies set out in note 2(e).

(iv) Capital reserve

The capital reserve comprises specific allocation of amounts transferred from retained earnings due to regulatory requirements. It also includes the share of statutory reserves of associates.

(v) Distributability of reserves

As at 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), was HK\$2,208,614,000 (2024: HK\$2,122,063,000). After the end of the reporting period, the directors proposed a final dividend of HK\$0.05 per share (2024: HK\$0.05 per share), amounting to HK\$84,262,000 (2024: HK\$84,262,000) (note 11). This dividend has not been recognised as a liability at the end of the reporting period.

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35. MATURITY PROFILE

The maturity profile of the Group's certain financial instruments as at the end of the financial year, based on the contractual discounted payments, is as follows:

As at 31 December 2025

	Indefinite HK\$'000	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Liabilities							
— Bank loans	—	—	—	(7,247,619)	(4,915,553)	(306,523)	(12,469,695)
— Other financial liabilities	—	(500,296)	(38,358)	—	(1,959,479)	(4,059,830)	(6,557,963)
— Trading securities	(728,386)	—	—	—	—	—	(728,386)
— Bonds payable	—	—	—	(4,428,600)	(12,732,225)	—	(17,160,825)
— Lease liabilities	—	—	(2,880)	(16,848)	(42,961)	—	(62,689)
	(728,386)	(500,296)	(41,238)	(11,693,067)	(19,650,218)	(4,366,353)	(36,979,558)

As at 31 December 2024

	Indefinite HK\$'000	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Liabilities							
— Bank loans	—	—	—	(9,300,158)	(3,724,451)	(359,944)	(13,384,553)
— Other financial liabilities	—	(437,378)	—	—	(2,394,774)	(4,047,190)	(6,879,342)
— Trading securities	(378,368)	—	—	—	—	—	(378,368)
— Bonds payable	—	—	—	(3,239,610)	(13,498,375)	—	(16,737,985)
— Lease liabilities	—	—	(7,439)	(13,034)	(18,049)	—	(38,522)
	(378,368)	(437,378)	(7,439)	(12,552,802)	(19,635,649)	(4,407,134)	(37,418,770)

36. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Except as disclosed elsewhere in the financial statements, the following transactions were entered with related parties during the year:

	2025 HK\$'000	2024 HK\$'000
Management fee income from:		
— a joint venture	—	679
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	45,211	77,805
Bank interest income from a fellow subsidiary/a related party bank	4,846	16,822
Dividend income from:		
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	214,696	836,906
— a fellow subsidiary/a related party bank	322,503	299,232
Bank loans interest expense to a fellow subsidiary/a related party bank	43,388	128,101
Consultancy fee to an associate and a fellow subsidiary/a related party bank	8,818	10,375
Custodian services fee to a fellow subsidiary/a related party bank*	294	108
Remuneration of key management personnel (including the Company's directors):		
— short-term employee benefits	7,196	7,648
— retirement scheme contributions	282	287

* These related party transactions also constitute continuing connected transactions as defined in Rules 14A of the Listing Rules.

For the year ended 31 December 2025

36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) Except as disclosed elsewhere in the financial statements, included in the consolidated statement of financial position are the following balances with related parties:

	2025 HK\$'000	2024 HK\$'000
Amounts due from associates and a fellow subsidiary/a related party bank (included in debtors, deposits, prepayments and others)	5,008	55,884
Bank deposits with a fellow subsidiary/a related party bank (including bank deposit in trust accounts)	2,079,947	2,418,593
Advances to:		
— associates exempted from applying the equity method and were recognised as financial assets at fair value through profit or loss	2,210,503	2,182,717
— an associate	2,756,804	971,883
Bank loans from a fellow subsidiary/a related party bank	(1,200,000)	(2,000,000)
Interests in collective investment schemes issued by a joint venture (included in financial assets at fair value through profit or loss)	416,822	977,725

Amounts due from associates arising in the ordinary course of the securities trading business are unsecured, interest-bearing and repayable on demand.

Bank deposits and loans with a fellow subsidiary/a related party bank arising from the ordinary course of business for corporate financing. The bank deposits earn interest at floating rates based on daily bank deposit rates. The loans are unsecured, interest-bearing, and have a maturity within 1 year.

All advances to associates arising in the ordinary course of the money lending business are interest-bearing and certain of them are secured and unsecured respectively.

Interests in collective investment schemes are issued on market terms by a joint venture.

(c) Transactions with other PRC state-owned entities

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("State-owned Entities"). Transactions with other State-owned Entities include, but are not limited to: lending and deposit taking; insurance and redemption of bonds issued by other State-owned Entities; purchase, sale and leases of properties and other assets; and rendering and receiving of utilities and other services. Among the above, transactions on lending and deposit taking, leases of properties and receiving utilities are continuous throughout the year and were conducted in the ordinary course of business, while the remaining types of transactions happened occasionally.

The Group is of the opinion that none of these transactions are material related party transactions that require separate disclosures.

- (d) Certain related party transactions above constitute 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 the Directors' Report.

37. COMMITMENTS

(a) Capital commitments

As at 31 December 2025, the Group had capital commitments as follows:

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for:		
— consolidated structured entities	2,790,281	2,029,493
— unconsolidated structured entities	584,528	975,203
	3,374,809	3,004,696

The above amounts included capital commitments to consolidated and unconsolidated structured entities as disclosed in note 15 and note 38 to the financial statements respectively.

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

	2025 HK\$'000	2024 HK\$'000
Within 1 year	189,522	206,409
After 1 year but within 2 years	116,492	163,598
After 2 years but within 3 years	73,029	89,431
After 3 years but within 4 years	58,184	68,416
After 4 years but within 5 years	54,141	54,812
After 5 years	109,662	155,766
	601,030	738,432

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38. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Investment funds	To generate fees from managing assets on behalf of third party investors and to make investment returns from co-investing in the funds	• Management fees • Investments held in the form of limited partnership interest of the funds
Collective investment schemes	These vehicles are financed through the issue of units to investors	• Investments in units issued by the structured entity

As at 31 December 2025, the carrying value of interests held by the Group in unconsolidated structured entities amounted to HK\$14,447,849,000 (2024: HK\$15,542,694,000), which were recognised in financial assets at fair value through profit or loss in the consolidated statement of financial position.

As at 31 December 2025, the carrying values of interests held by the Group in unconsolidated structured entities managed by the Group and not managed by the Group were HK\$4,960,436,000 (2024: HK\$4,620,792,000) and HK\$9,487,413,000 (2024: HK\$10,921,902,000) respectively.

The maximum exposure to loss is the carrying value of the assets held.

Other than the invested and committed capital, the Group has no intention to provide financial or other support to the structured entities.

39. FINANCIAL INSTRUMENTS

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group's risk management objectives are to maximise shareholders' value and to reduce volatility in earnings while maintaining risk exposures within acceptable limits.

The Group's work in the area of risk management is executed by the Risk Management, Legal and Compliance Department and is led by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department. This functional structure can assess, identify and document the Group's risk profile to ensure that the business units focus, control and systematically avoid potential risks in various business areas. The following is a brief description of the Group's approach in managing these risks.

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

The Group's credit risk is primarily attributable to advances to customers, accounts receivable, debt investments and unlisted derivative financial instruments.

Credit risk management framework

The Group has formulated a comprehensive set of credit risk management policies and procedures, and appropriate credit risk limits to manage and control credit risk that may arise. These policies, procedures and credit risk limits are regularly reviewed and updated to cope with the changes in market conditions and business strategies.

The Group's organisational structure establishes a clear set of authority and responsibility for monitoring compliance with policies, procedures and limits.

The Vice President of the Group in charge of Risk Management, Legal and Compliance who reports directly to the Audit and Risk Management Committee, takes charge of credit risk management and is also responsible for the control of credit risk exposures of the Group in line with the credit risk management principles and requirements set by the Group.

Credit risk management is embedded within all business units of the Group. The first line of defense against undesirable outcomes is the business function and the respective line managers. Department heads of their own business areas take the lead role with respect to implementing and maintaining appropriate credit risk controls. Risk Management, Legal and Compliance Department, which is independent from the business units, is responsible for the management of credit risks and it is an ongoing process for identifying, measuring, monitoring and controlling credit risk to ensure effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. It is also responsible for the design, development and maintenance of the Group's internal rating system and it ensures that the system complies with the relevant regulatory requirements. Credit risk is approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance Department and reported to Audit and Risk Management Committee quarterly.

For advances to customers, generally collaterals would be advised to be pledged before advances are granted. The amount of advances permitted depends on the quality and value of collateral provided by the customer. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required.

Accounts receivable mainly arise from the Group's investment activities. Receivables from brokers and counterparties are normally repayable on demand. The Group has established procedures in the selection of brokers/counterparties with sound credit ratings and/or reputation.

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties respectively have sound credit ratings.

The Group has well-defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at the end of the reporting period, the Group did not have a significant concentration of credit risk.

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Expected Credit Loss ("ECL") Methodology

The Group's policy requires the review of individual outstanding amounts at least quarterly or more regularly depending on individual circumstances or market conditions.

The Group has adopted HKFRS 9, where the impairment requirements under HKFRS 9 are based on an ECL model. The Group applies the general approach for impairment of financial assets. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL — not credit-impaired and Stage 3: Lifetime ECL — credit-impaired.

When determining whether the risk of default has increased significantly since initial recognition, the Group incorporates both quantitative and qualitative assessment such as number of days past due, the Group's historical experience, and market benchmark. When estimating the ECL on term loans to customers, the Group has incorporated forward-looking economic information through the use of industry trend and experienced credit judgement to reflect the qualitative factors, and through the use of probability-weighted scenarios. The measurement of ECL is the product of the financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted at the effective interest rate to the reporting date. As at 31 December 2025, ECL of unsecured financial assets is measured based on PD at a range of 42.74% to 100% (31 December 2024: 25.98% to 100%) and LGD at a range of 11% to 76% (31 December 2024: 5% to 94%).

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of HKFRS 9. The "Base" scenario represents a most likely outcome and the other two scenarios, referred to as the "Best" scenario and "Worse" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to the "Base" scenario.

The probability assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability is assigned to the "Base" scenario to reflect the most likely outcome and a lower probability is assigned to the "Best" and "Worse" scenarios to reflect the less likely outcomes. The probabilities assigned are updated in each quarter.

Audit and Risk Management Committee is responsible for approving ECL methodology. Risk Management, Legal and Compliance Department is responsible for the implementation and maintenance of ECL methodology including models review and parameters update on a regular basis. If there is any change in ECL methodology, the Group will go through a proper approval process.

The maximum exposure to credit risk without taking into account any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, at the end of the reporting period, deducting any impairment allowance.

39. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	Note	12-month ECLs	Lifetime ECLs		HK\$'000
		Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Advances to customers	20	–	2,756,804	2,947,957	5,704,761
Debtors and deposits					
— Normal*		763,690	–	–	763,690
— Doubtful*		–	39,789	1,442,498	1,482,287
Cash and cash equivalents					
— Not yet past due	24	8,503,853	–	–	8,503,853
Finance lease receivables		–	–	65,532	65,532
		9,267,543	2,796,593	4,455,987	16,520,123

As at 31 December 2024

	Note	12-month ECLs	Lifetime ECLs		HK\$'000
		Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	
Advances to customers	20	–	1,266,270	2,895,772	4,162,042
Debtors and deposits					
— Normal*		850,749	–	–	850,749
— Doubtful*		–	20,685	1,321,797	1,342,482
Cash and cash equivalents					
— Not yet past due	24	8,422,125	–	–	8,422,125
Finance lease receivables		–	–	63,917	63,917
		9,272,874	1,286,955	4,281,486	14,841,315

* The credit quality of the financial assets included in debtors and deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

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39. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

For subsidiaries with statutory 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 following table details the remaining contractual maturities on the reporting date of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025				2024			
	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000
Creditors, deposits received and accrued charges	2,892,942	2,892,942	2,892,942	–	2,574,238	2,574,238	2,574,238	–
Bank loans	12,469,695	13,079,113	7,423,878	5,655,235	13,384,553	14,273,950	9,732,839	4,541,111
Bonds payable	17,160,825	18,032,282	4,829,898	13,202,384	16,737,985	17,840,225	3,656,405	14,183,820
Trading securities	728,386	728,386	728,386	–	378,368	378,368	378,368	–
Other financial liabilities	6,557,963	6,557,963	538,654	6,019,309	6,879,342	6,879,342	437,378	6,441,964
Lease liabilities	62,689	66,368	21,266	45,102	38,522	39,707	21,426	18,281
	39,872,500	41,357,054	16,435,024	24,922,030	39,993,008	41,985,830	16,800,654	25,185,176

(c) Interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range.

The Group's interest rate positions arise from treasury and operating activities. Interest rate risk arises from treasury management, customer financing and investment portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. Interest rate risk is managed by the Finance and Accounting Department under the delegated authority of the Board and is monitored by the Risk Management, Legal and Compliance Department. The instruments used to manage interest rate risk include time deposits and interest rate linked derivatives, if necessary.

The Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Group's interest-bearing financial instruments, the Group's policy is to mainly transact in financial instruments that mature or reprice in the short to medium term. Accordingly, the Group would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

39. FINANCIAL INSTRUMENTS (continued)**(c) Interest rate risk** (continued)

In respect of interest-bearing financial assets and financial liabilities at variable interest rates, the following table indicates their effective interest rates at the end of the reporting period. It is estimated that as at 31 December 2025, a general increase/decrease of 0.5% in interest rates, with all other variables held constant, would have increased/decreased the Group's loss before tax, by HK\$23,793,000/HK\$40,442,000 (2024: increase/decrease of the Group's loss before tax by HK\$16,177,000/HK\$44,138,000 for increase/decrease of 0.5% in the interest rate).

The above increase or decrease in the interest rate represents management's assessment of a reasonable change in interest rates over the period until the end of the next reporting period. It is also assumed that all other variables remain constant. The analysis was performed on the same basis for 2025.

	2025		2024	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Assets				
Advances to customers	8.74%	5,358,087	9.66%	3,862,046
Cash and cash equivalents	0.34%	8,503,853	0.45%	8,422,125
Total interest-bearing assets		13,861,940		12,284,171
Liabilities				
Bank loans	3.35%	12,469,695	4.70%	13,384,553
Total interest-bearing liabilities		12,469,695		13,384,553

(d) Currency risk

The Group's exposure to currency risk primarily stems from holding of monetary assets and liabilities denominated in foreign currencies, other than Hong Kong dollars and net investment in foreign operations. As most of the Group's monetary assets and liabilities and net investment in foreign operations are denominated in Hong Kong dollars, Renminbi, United States dollars and Singapore dollars, management is aware of the likely increase in volatility in these currencies and takes a balanced view when considering the management of currency risk.

Overall, the Group monitors its currency exposure closely and would consider hedging significant currency exposure should the need arise.

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39. FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

As at the end of the reporting period, the Group's exposure to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is shown in the table below:

	2025			2024		
	In USD HK\$'000	In RMB HK\$'000	In SGD HK\$'000	In USD HK\$'000	In RMB HK\$'000	In SGD HK\$'000
Equity investments designated at fair value through other comprehensive income	–	6,076,978	–	–	6,572,616	–
Financial assets at fair value through profit or loss	2,058,814	861,351	–	2,087,956	274,228	–
Advances to customers	135,697	–	–	1,165,635	–	–
Debtors, deposits, prepayments and others	161,346	16,344	–	341,954	17,836	10,991
Trading securities	24	–	–	2,349	–	–
Cash and cash equivalents	1,059,061	261,481	6,320	696,334	395,654	6,111
Bank loans	(4,875,005)	(4,264,690)	–	–	(2,684,553)	–
Bonds payable	–	(17,160,825)	–	–	(16,737,985)	–
Other financial liabilities	(659,417)	(444,707)	–	(901,578)	(381,811)	–
Creditors, deposits received and accrued charges	(323,659)	(305,152)	–	(258,523)	(312,735)	–
Net exposure arising from recognised assets and liabilities	(2,443,139)	(14,959,220)	6,320	3,134,127	(12,856,750)	17,102

As at 31 December 2025, exposure at company level to currency risk arising from amounts due from subsidiaries denominated in Renminbi, United States dollars and Singapore dollars amounted to HK\$10,321,726,000 (2024: HK\$11,160,525,000), HK\$960,268,000 (2024: HK\$901,027,000) and HK\$1,555,883,000 (2024: HK\$1,430,355,000) respectively.

An analysis of the estimated material change in the Group's loss before tax and other components of consolidated equity in response to reasonably possible changes in the Renminbi's exchange rate to which the Group has significant exposure at the end of the reporting period is presented in the following table.

	2025			2024		
	Increase/ (decrease) in exchange	Effect on loss before tax HK\$'000	Effect on other components of equity HK\$'000	Increase/ (decrease) in exchange	Effect on loss before tax HK\$'000	Effect on other components of equity HK\$'000
Renminbi, RMB	1%	(210,362)	60,770	1%	(194,294)	65,726
	1%	210,362	(60,770)	(1%)	194,294	(65,726)

The above analysis assumes the change in the Renminbi's exchange rate had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk in existence at that date while all other variables remain constant. The stated changes also represent management's assessment of reasonably possible changes in exchange rates until the end of the next reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The Hong Kong dollar is pegged to the United States dollar and it is assumed that this situation will stay materially unaffected by any fluctuation of the United States dollar against other currencies. The analysis was performed on the same basis for 2024.

39. FINANCIAL INSTRUMENTS (continued)**(e) Equity price risk**

The Group is exposed to equity price changes arising from equity investments classified as trading securities (note 23), equity investments designated at fair value through other comprehensive income (note 18) and financial assets at fair value through profit or loss (note 19). Other than unlisted securities held for medium to long-term purposes, all of these investments are listed.

The Group's investments in listed equity instruments are mainly listed on the Stock Exchange of Hong Kong, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, Nasdaq and the New York Stock Exchange. Decisions to buy or sell trading securities rest with assigned investment team professionals and each investment portfolio is governed by specific investment and risk management guidelines. Independent daily monitoring of each portfolio against the corresponding guidelines is carried out by the Risk Management, Legal and Compliance Department. Listed equity instruments held in the equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss portfolio have been chosen based on their medium to long-term growth potential and are monitored regularly for performance against expectations.

The performance of the Group's investments in unquoted equity instruments is assessed periodically, based on the information available to the Group.

The following table shows the approximate changes in the Group's loss before tax (and retained earnings) in response to reasonable change in the value of the relevant listed and unlisted equity investments. The analysis was performed on the same basis for 2025:

	2025			2024		
	Increase/ (decrease) in exchange	Effect on loss before tax HK\$'000	Effect on other components of equity HK\$'000	Increase/ (decrease) in exchange	Effect on loss before tax HK\$'000	Effect on other components of equity HK\$'000
Listed equity investments	10% (10%)	211,653 (211,653)	607,698 (607,698)	10% (10%)	125,962 (125,962)	657,262 (657,262)
Unlisted equity investments	5% (5%)	882,143 (882,143)	– –	5% (5%)	970,542 (970,542)	– –

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39. FINANCIAL INSTRUMENTS (continued)

(f) Offsetting financial assets and financial liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
As at 31 December 2025					
Trading securities	2,539,983	–	2,539,983	(293,490)	2,246,493
Debtors, deposits, prepayments and others	327,606	–	327,606	–	327,606
As at 31 December 2024					
Trading securities	2,145,697	–	2,145,697	(263,662)	1,882,035
Debtors, deposits, prepayments and others	119,859	–	119,859	–	119,859

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Financial liabilities	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
As at 31 December 2025					
Trading securities	626,790	–	626,790	(293,490)	333,300
Creditors, deposits received and accrued charges	1,129,788	–	1,129,788	–	1,129,788
As at 31 December 2024					
Trading securities	378,304	–	378,304	(263,662)	114,642
Creditors, deposits received and accrued charges	608,538	–	608,538	–	608,538

39. FINANCIAL INSTRUMENTS (continued)**(f) Offsetting financial assets and financial liabilities** (continued)

Reconciliation to the net amount of financial assets and financial liabilities presented in the consolidated statement of financial position

Financial assets	Financial assets in scope of offsetting disclosures HK\$'000	Carrying amounts in the consolidated statement of financial position HK\$'000	Financial assets not in scope of offsetting disclosure HK\$'000	Note
As at 31 December 2025				
Trading securities	2,539,983	3,048,683	508,700	23
Debtors, deposits, prepayments and others	327,606	1,293,680	966,074	22
As at 31 December 2024				
Trading securities	2,145,697	2,830,106	684,409	23
Debtors, deposits, prepayments and others	119,859	1,545,596	1,425,737	22

Financial liabilities	Financial liabilities in scope of offsetting disclosures HK\$'000	Carrying amounts in the consolidated statement of financial position HK\$'000	Financial liabilities not in scope of offsetting disclosure HK\$'000	Note
As at 31 December 2025				
Trading securities	626,790	728,386	101,596	23
Creditors, deposits received and accrued charges	1,129,788	2,892,942	1,763,154	25
As at 31 December 2024				
Trading securities	378,304	378,368	64	23
Creditors, deposits received and accrued charges	608,538	2,574,238	1,965,700	25

Notional amounts of derivatives contract

The fair values and the contractual or notional amounts of the Group's trading derivatives outstanding at 31 December 2025 are detailed as follows:

	Fair value assets/(liabilities)		Contractual/ notional amounts	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Assets derivative contracts	26,087	10,735	307,121	212,793
Liabilities derivative contracts	(57,037)	(28,147)	2,529,340	1,989,702

The financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices of the underlying instruments relative to their terms.

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, therefore, are not a representation of the Group's exposure to the credit or price risks.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group engages professional independent valuers to perform valuations of certain financial instruments, including financial assets at fair value through profit or loss categorised into Level 3 of the fair value hierarchy. The professional valuer reports directly to the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee. Valuation reports with analysis of changes in fair value measurement are prepared by the professional valuers at each interim and annual reporting date, and are reviewed and approved by the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee. Discussion of the valuation process and results with the Vice President of the Group in charge of Risk Management, Legal and Compliance and the Audit and Risk Management Committee is held twice a year to coincide with the reporting dates.

In addition to the above valuers, the Group also makes reference to the valuation reports performed by other professional valuers to ascertain the fair values of certain investments with underlying interests in real estate investments and some other private equity investments.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2025

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement				
Assets				
Equity investments designated at fair value through other comprehensive income:				
— Listed equity securities	6,076,978	—	—	6,076,978
Financial assets at fair value through profit or loss:				
— Listed equity securities	2,419,679	291,468	—	2,711,147
— Unlisted equity securities/collective investment schemes	—	—	17,587,441	17,587,441
— Unlisted preference shares	—	—	5,035,294	5,035,294
— Unlisted debt securities	—	—	439,095	439,095
	2,419,679	291,468	23,061,830	25,772,977
Trading securities:				
— Listed equity securities	76,733	—	—	76,733
— Listed debt securities	—	2,897,743	—	2,897,743
— Unlisted debt securities	—	48,119	—	48,119
— Listed derivatives	—	139	—	139
— Unlisted derivatives	—	25,949	—	25,949
	76,733	2,971,950	—	3,048,683
Liabilities				
Trading securities:				
— Listed equity securities	(671,350)	—	—	(671,350)
— Listed derivatives	(382)	—	—	(382)
— Unlisted derivatives	—	(56,654)	—	(56,654)
	(671,732)	(56,654)	—	(728,386)

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For the year ended 31 December 2025

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2024

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement				
Assets				
Equity investments designated at fair value through other comprehensive income:				
— Listed equity securities	6,572,616	—	—	6,572,616
Financial assets at fair value through profit or loss:				
— Listed equity securities	1,541,957	—	—	1,541,957
— Unlisted equity securities/collective investment schemes	—	—	19,410,839	19,410,839
— Unlisted preference shares	—	—	5,844,212	5,844,212
— Unlisted debt securities	—	—	453,875	453,875
	1,541,957	—	25,708,926	27,250,883
Trading securities:				
— Listed equity securities	58,151	—	—	58,151
— Listed debt securities	—	2,696,685	—	2,696,685
— Listed derivatives	—	5	—	5
— Listed funds	1,320	—	—	1,320
— Unlisted debt securities	—	60,594	—	60,594
— Unlisted derivatives	—	13,351	—	13,351
	59,471	2,770,635	—	2,830,106
Liabilities				
Trading securities:				
— Listed equity securities	(340,488)	—	—	(340,488)
— Listed debt securities	—	(6,151)	—	(6,151)
— Listed derivatives	—	(63)	—	(63)
— Unlisted derivatives	—	(31,666)	—	(31,666)
	(340,488)	(37,880)	—	(378,368)

All financial instruments including financial instruments measured at amortised cost, were stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2025 and 2024.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

As at 31 December 2025, one of the financial assets at fair value through profit or loss with fair values of HK\$729,908,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of these equity securities were accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

As at 31 December 2025, two of the financial assets at fair value through profit or loss with fair value of HK\$291,468,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As quoted price of the security is available and not using significant unobservable inputs for valuation, accordingly the equity security was transferred from Level 3 to Level 2. There were no other transfers between levels of the fair value hierarchy.

As at 31 December 2024, one of the financial assets at fair value through profit or loss with fair values of HK\$732,484,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of these equity securities were accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

During the year ended 31 December 2025 and 2024, there were no transfers of fair value measurements between Level 1 and Level 2.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of listed and unlisted debt securities and derivatives in Level 2 is determined using broker quotes.

Information about Level 3 fair value measurements

As at 31 December 2025

Valuation techniques	Significant unobservable inputs	Range	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss HK\$'000
Market comparable companies	Discount for lack of marketability	20% to 30%	5%	(97,268)
			(5%)	97,268
	Market multiples	0.7 to 28	5%	295,959
			(5%)	(295,959)

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40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**Information about Level 3 fair value measurements** (continued)

As at 31 December 2024

Valuation techniques	Significant unobservable inputs	Range	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss HK\$'000
Market comparable companies	Discount for lack of marketability	20% to 30%	5% (5%)	(177,188) 177,188
	Control premium	0% to 25%	5% (5%)	306 (306)
	Market multiples	0.8 to 21.5	5% (5%)	251,089 (251,089)
	Probability of liquidation	10.00% to 10.00%	5% (5%)	(19,355) 19,355

Other than using the recent transaction approach as the valuation technique in determining the fair value of Level 3 financial instruments, the valuation techniques in estimating the fair value of other financial instruments are described as follows:

The fair value of unquoted equity investments is estimated using an appropriate combination of:

- (1) making reference to capital statements, management information and valuation reports provided by third parties;
- (2) deducing from prices recently paid for similar assets, quoted market prices in active markets and the financial indicators of the transacted assets such as net book value and net operating profit; and
- (3) applying, if possible, price to earnings ("P/E") ratios, price to book ("P/B") ratios, enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") ratios and enterprise value to sales ("EV/Sales") ratios for similar listed companies adjusted to reflect the specific circumstances of the investments.

The Group has certain shares listed on the Shenzhen Stock Exchange and Nasdaq, which are subject to restriction on sales for defined periods. The fair value measurement reflected the effect of such restriction with an adjustment to the quoted price of otherwise similar but unrestricted securities and the adjustment was referenced to put option models.

The fair values of preference shares and debt securities are estimated using the equity allocation model and discounted future cash flows respectively. Future cash flows are estimated based on management's best estimate of the amount it would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions. The discount rate used is a market rate for a similar instrument at the end of the reporting period. The fair value of an option contract is determined by applying an option valuation model such as the Black-Scholes valuation model. Inputs are based on market related data at the end of the reporting period.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Information about Level 3 fair value measurements (continued)

The movements during the year in the balance of these Level 3 financial instruments are as follows:

	Financial assets designated at fair value through profit or loss				
	Listed equity securities HK\$'000	Unlisted equity securities/ collective investment schemes HK\$'000	Unlisted convertible preference shares HK\$'000	Unlisted debt securities HK\$'000	Total HK\$'000
At 1 January 2024	732,484	23,002,403	5,361,456	456,435	29,552,778
Purchased	–	332,783	–	–	332,783
Net unrealised gains or loss recognised in profit or loss	–	(3,604,493)	495,040	4,123	(3,105,330)
Exchange adjustments	–	(281,733)	(83,114)	(6,683)	(371,530)
Disposals	–	(38,121)	70,830	–	32,709
Reclassification	(732,484)	–	–	–	(732,484)
At 31 December 2024 and 1 January 2025	–	19,410,839	5,844,212	453,875	25,708,926
Purchased	–	1,016,386	–	–	1,016,386
Net unrealised gains or loss recognised in profit or loss	–	(2,853,848)	(626,771)	(22,674)	(3,503,293)
Exchange adjustments	–	309,821	75,579	7,894	393,294
Disposals	–	(145,847)	(42,589)	–	(188,436)
Reclassification	–	(149,910)	(215,137)	–	(365,047)
At 31 December 2025	–	17,587,441	5,035,294	439,095	23,061,830

For the year ended 31 December 2025

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Reconciliation of loss before taxation to net cash flows from operating activities:**

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(1,657,095)	(2,177,925)
Interest income on bank deposits	(64,101)	(112,229)
Interest expenses	900,194	1,339,129
Dividend income	(322,503)	(299,232)
Share of profits less losses of joint ventures	(7,420)	41,272
Share of profits less losses of associates	(429,383)	(3,544)
Depreciation and amortisation expenses	45,807	50,348
Realised loss on disposal of an associate	–	2,202
Net deficit on revaluation of investment properties	185,859	95,096
(Gain)/loss on disposal of property, plant and equipment and investment properties	(279)	3,239
Impairment loss on advances to customers	1,344,074	148,000
Impairment loss on finance lease receivables	1,459	20,563
Impairment loss of inventories	–	29,613
Impairment loss of debtors, deposits, prepayments and others	291,519	160,440
Cash inflow/(outflow) before working capital changes	288,131	(703,028)
Increase in finance lease receivables	–	(2,587)
(Increase)/decrease in debtors, deposits, prepayments and others	(39,603)	223,069
Decrease in inventories	25,164	26,919
Decrease in trading securities	131,441	227,210
Increase in advances to customers	(1,458,895)	(194,852)
Decrease in financial assets at fair value through profit or loss	2,011,110	3,111,923
Decrease in other financial liabilities	(527,953)	(267,677)
Increase/(decrease) in creditors, deposits received and accrued charges	343,126	(454,839)
Hong Kong profits tax paid	(3,383)	(24,604)
Overseas profits tax paid	(223,741)	(250,100)
Net cash inflow from operating activities	545,397	1,691,434

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	1 January 2025 HK\$'000	Net cash flows HK\$'000	Foreign exchange movement HK\$'000	Dividend declared HK\$'000	Other HK\$'000	31 December 2025 HK\$'000
Bank loans	13,384,553	(982,677)	67,819	–	–	12,469,695
Dividend payable	–	(168,525)	–	168,525	–	–
Bonds payable	16,737,985	–	422,840	–	–	17,160,825
Lease liabilities	38,522	(32,768)	1,654	–	55,281	62,689
Total liabilities from financing activities	30,161,060	(1,183,970)	492,313	168,525	55,281	29,693,209

	1 January 2024 HK\$'000	Net cash flows HK\$'000	Foreign exchange movement HK\$'000	Dividend declared HK\$'000	Other HK\$'000	31 December 2024 HK\$'000
Bank loans	18,603,608	(5,168,980)	(50,075)	–	–	13,384,553
Dividend payable	–	(252,788)	–	252,788	–	–
Bonds payable	13,793,500	3,320,605	(376,120)	–	–	16,737,985
Lease liabilities	23,866	(31,859)	810	–	45,705	38,522
Total liabilities from financing activities	32,420,974	(2,133,022)	(425,385)	252,788	45,705	30,161,060

42. SEGMENT INFORMATION

The Group manages and conducts the majority of its business activities by business units. Operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment.

Fund Management Business

Fund management business refers to the business that the Group raises funds from external investors and deploys the Group's seed capital into specific clients, applies its professional knowledge and experience to make investment decisions on the capital according to laws, regulations and the fund's prospectus, while seeking to maximise gains for investors. The fund management business is comprised of primary market investment, secondary market investment and Fund of Funds investment ("FoF").

- Primary market investment: Investment in unlisted equity securities or equity derivatives with equity position for participating in the ongoing management of these companies, and with an ultimate objective of capital gain on investee's equity listing or through other exit channels. Areas of investments include new economy, artificial intelligence and advanced manufacturing, new energy, medical care and senior healthcare, overseas acquisition and infrastructure, real estate, aircraft industry chain, consumer market, wealth management and others.
- Secondary market investment: Provides a diversified range of financial services, including asset management, investment management and investment advisory activities. Products include absolute return funds, bond funds and equity funds.
- Fund of Funds investment or "FoF": FoF invested in both funds initiated and managed by the Group as well as external funds with proven track records of performance and governance. FoF can provide one-stop solution that offers liquidity and potential returns for mega-size institutions.

Principal Investments Business

The Group makes full use of its own capital to make the following three types of investments to promote the development of the fund management business and to optimise its income structure. They are:

- Key investee companies: Focusing on aircraft leasing, artificial intelligence of things (AIoT) and elderly care industry platforms;
- Financial investments: Investing in equity, debts, structured products and other products; and
- Cornerstone investments: The Group's stake in China Everbright Bank and Everbright Securities contributing relative stable earnings and dividend income.

42. SEGMENT INFORMATION (continued)

(a) Business segments

For the year ended 31 December 2025:

	Fund Management Business			Principal Investments Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market Investments HK\$'000	Secondary Market Investments HK\$'000	Fund of Funds Investments HK\$'000	Key Investee Companies HK\$'000	Financial Investments HK\$'000	Cornerstone Investments HK\$'000		
Income from contract with customers	58,621	30,330	10,570	–	222,399	–	321,920	321,920
Income from investments	(102,034)	406,620	189,725	(194,334)	375,721	322,503	998,201	998,201
Income from other sources	3,117	1,427	–	–	(118,116)	–	(113,572)	(113,572)
Total income	(40,296)	438,377	200,295	(194,334)	480,004	322,503	1,206,549	1,206,549
Segment operating results	(1,545,397)	320,414	184,115	(324,953)	73,065	322,503	(970,253)	(970,253)
Unallocated head office and corporate expenses*								(1,123,645)
Share of profits less losses of associates	(410,889)	–	–	78,814	6,457	755,001	429,383	429,383
Share of profits less losses of joint ventures	7,484	–	–	–	(64)	–	7,420	7,420
(Loss)/profit before taxation	(1,948,802)	320,414	184,115	(246,139)	79,458	1,077,504	(533,450)	(1,657,095)
Less: Non-controlling interests	862	(85,454)	(90)	–	(105,518)	–	(190,200)	
Segment results	(1,947,940)	234,960	184,025	(246,139)	(26,060)	1,077,504	(723,650)	
Other segment information:								
Interest income	224,599	89,222	5,680	28,197	14,647	–	362,345	
Impairment losses recognised in the statement of profit or loss	1,391,393	–	–	130,619	115,040	–	1,637,052	

* The unallocated head office and corporate expenses mainly included unallocated finance costs, employee expenses and other operating expenses. The segment expenses and the unallocated head office and corporate expenses are measured on the same basis as HKFRS Accounting Standards.

Notes to The Financial Statements | Continued

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42. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

For the year ended 31 December 2024:

	Fund Management Business			Principal Investments Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market Investments	Secondary Market Investments	Fund of Funds Investments	Key Investee Companies	Financial Investments	Cornerstone Investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Income from contract with customers	98,069	30,252	62,334	–	216,469	–	407,124	407,124
Income from investments	(185,500)	302,005	(75,190)	391,323	(785,663)	299,232	(53,793)	(53,793)
Income from other sources	–	27,946	–	–	106	–	28,052	28,052
Total income	(87,431)	360,203	(12,856)	391,323	(569,088)	299,232	381,383	381,383
Segment operating results	(366,809)	242,062	(32,386)	353,287	(1,027,727)	299,232	(532,341)	(532,341)
Unallocated head office and corporate expenses*								(1,607,856)
Share of profits less losses of associates	(509,236)	–	–	(81,242)	(13,647)	607,669	3,544	3,544
Share of profits less losses of joint ventures	(41,245)	–	–	–	(27)	–	(41,272)	(41,272)
(Loss)/profit before taxation	(917,290)	242,062	(32,386)	272,045	(1,041,401)	906,901	(570,069)	(2,177,925)
Less: Non-controlling interests	73,694	(89,310)	–	–	50,249	–	34,633	
Segment results	(843,596)	152,752	(32,386)	272,045	(991,152)	906,901	(535,436)	
Other segment information:								
Interest income	243,853	100,500	22,022	49,925	139,738	–	556,038	
Impairment losses recognised in the statement of profit or loss	165,551	–	–	40,238	152,827	–	358,616	

* The unallocated head office and corporate expenses mainly included unallocated finance costs, employee expenses and other operating expenses. The segment expenses and the unallocated head office and corporate expenses are measured on the same basis as HKFRS Accounting Standards.

42. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other Information

As at 31 December 2025

	Fund Management Business			Principal Investment Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market	Secondary Market	Fund of Funds	Key Investee	Financial	Cornerstone		
	Investments HK\$'000	Investments HK\$'000	Investments HK\$'000	Companies HK\$'000	Investments HK\$'000	Investments HK\$'000		
Segment assets	15,244,329	3,956,877	6,134,873	2,719,959	20,646,653	6,077,097	54,779,788	54,779,788
Investments in associates	850,671	–	–	1,826,506	1,236,404	13,986,402	17,899,983	17,899,983
Investments in joint ventures	742,044	–	–	–	5,487	–	747,531	747,531
Unallocated head office and corporate assets								356,171
Total assets								73,783,473
Segment liabilities	2,708,527	1,488,190	4,288,575	–	2,124,713	–	10,610,005	10,610,005
Unallocated head office and corporate liabilities								29,262,495
Provision for taxation								576,464
Deferred tax liabilities								1,193,317
Total liabilities								41,642,281

As at 31 December 2024

	Fund Management Business			Principal Investment Business			Reportable segments total HK\$'000	Total HK\$'000
	Primary Market	Secondary Market	Fund of Funds	Key Investee	Financial	Cornerstone		
	Investments HK\$'000	Investments HK\$'000	Investments HK\$'000	Companies HK\$'000	Investments HK\$'000	Investments HK\$'000		
Segment assets	17,936,342	3,308,559	9,387,545	2,965,019	16,406,076	6,572,732	56,576,273	56,576,273
Investments in associates	1,303,681	–	–	2,200,058	325,498	13,188,214	17,017,451	17,017,451
Investments in joint ventures	724,263	–	5,540	–	–	–	729,803	729,803
Unallocated head office and corporate assets								362,478
Total assets								74,686,005
Segment liabilities	2,432,840	1,045,453	4,664,160	–	2,181,641	–	10,324,094	10,324,094
Unallocated head office and corporate liabilities								29,668,914
Provision for taxation								672,775
Deferred tax liabilities								1,370,151
Total liabilities								42,035,934

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For the year ended 31 December 2025

42. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and investment properties, right-of-use assets, interests in associates and joint ventures ("Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the Specified non-current assets is based on the physical locations of the asset. For interests in associates and joint ventures, the geographical location is based on the locations of operations.

	For the year ended 31 December 2025			For the year ended 31 December 2024		
	Hong Kong & Others HK\$'000	Chinese Mainland HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Chinese Mainland HK\$'000	Total HK\$'000
Segment Revenue						
Income from contracts with customers	77,445	244,475	321,920	111,290	295,834	407,124
Income from investments	1,204,934	(206,733)	998,201	27,571	(81,364)	(53,793)
Income from other sources	(184,921)	71,349	(113,572)	85,572	(57,520)	28,052
	1,097,458	109,091	1,206,549	224,433	156,950	381,383

	31 December 2025			31 December 2024		
	Hong Kong & Others HK\$'000	Chinese Mainland HK\$'000	Total HK\$'000	Hong Kong & Others HK\$'000	Chinese Mainland HK\$'000	Total HK\$'000
Specified non-current assets	2,987,630	21,404,315	24,391,945	2,493,088	21,039,442	23,532,530

43. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects. Management has discussed with the Audit and Risk Management Committee on the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

43. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Sources of estimation uncertainty

(i) Unlisted investments

The fair values of unlisted financial assets at fair value through profit or loss and other non-trading securities are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the related comparable companies chosen. The valuation methodologies and the source of parameters adopted by the Group are discussed in note 40.

(ii) Impairment of advances to customers and debtors, deposits, prepayments and others

The impairment provisions for amortised receivables are based on assumptions about ECLs. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience, market benchmark and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

(iii) Tax provision

The Group's taxation provision is based on management's assessment of the estimated assessable profits for the year taking into consideration tax legislations in Hong Kong and the relevant overseas jurisdictions.

(b) Critical accounting judgements in applying the Group's accounting policies

(i) Structured entities managed by the Group and its affiliates

The Group and its affiliates, acting as the general partners or investment managers to a number of structured entities (investment funds and collective investment schemes), have provided seed capital for the set up of these structured entities. When determining whether the Group controls these structured entities, usually the level of aggregate economic interests of the Group in these funds and the level of investors' rights to remove the general partners or investment managers are considered. The Group determines that it has no control over some structured entities since the level of aggregate economic interests of the Group in those structured entities is not so significant that it gives the Group control over the structured entities, or the Group cannot control the general partners or investment managers, after taking into consideration the level of investors' rights to remove the general managers or investment managers and the power of other investors over the general partners or investment managers. The Group determines that it has control over some structured entities and has consolidated them. Further details of unconsolidated structured entities are set out in note 38.

(ii) Involvement with unconsolidated structured entities

Disclosures of interests in unconsolidated structured entities provide information on involvement in these entities which exposes the Group to variability of returns from the performance of the other entity. Involvement is considered on a case-by-case basis, taking into account the nature of the entity's activity. This could include holding debt and equity instruments, or the provision of structured derivatives, but excludes involvement that exists only because of typical customer supplier relationships, such as market-making transactions to facilitate secondary trading or senior lending in the normal course of business.

(iii) Impairment of investment in an associate — Everbright Jiabao

As at 31 December 2025, the Company performed an impairment testing on the investment on the basis of the amount recoverable from the associates with reference to the fair value of the underlying assets held by the associates and this demonstrated that the recoverable amount of the investment was higher than the carrying value as at 31 December 2025.

For the year ended 31 December 2025

44. BANKING FACILITIES AND PLEDGE OF ASSETS

Aggregate banking facilities of the Group as at 31 December 2025 amounted to HK\$22.4 billion (2024: HK\$21.4 billion). The Group has utilised HK\$12.5 billion (2024: HK\$13.4 billion) of these facilities.

As at 31 December 2025, restricted bank balances of HK\$31 million (31 December 2024: HK\$32 million) were pledged to the banks for sales of mortgaged properties to customers and interest reserve account on borrowings. Investment properties with carrying values of HK\$2,347 million (31 December 2024: HK\$2,289 million) were mortgaged to secure certain bank loans granted to the Group. No inventory or stocks were mortgaged to secure certain bank loans granted to the Group (31 December 2024: Nil). Pursuant to the prime brokerage agreements entered into with the prime brokers of a fund held by the Group, cash and securities deposited with the prime brokers were secured against liabilities to the prime brokers. As at 31 December 2025, assets deposited with the prime brokers included HK\$1,352 million (31 December 2024: HK\$1,238 million) and HK\$159.2 million (31 December 2024: HK\$111.4 million) which formed part of the Group's trading securities and debtors respectively. Analysis on collateral of the Group's bank loans and bonds payable is set in note 26 and note 28 of the Notes to the Financial Statements in this report.

45. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new or amended HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 9 and HKFRS7	<i>Financial instruments and Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i> ²
Annual improvements to HKFRS Accounting Standards — Volume 11 ¹	
HKFRS 18	<i>Presentation and disclosure in financial statements</i> ²
HKFRS 19	<i>Subsidiaries without public accountability: disclosures</i> ²

^{1.} Effective for annual periods beginning on or after 1 January 2026

^{2.} Effective for annual periods beginning on or after 1 January 2027

Further information about those new or amended HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

Amendment to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosure — Amendments to the classification and measurement to financial instruments*, include requirements on classification of financial assets with environmental, social or governance targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

45. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 18, *Presentation and disclosure in financial statements*, will replace HKAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise a more structured income statement; enhanced disclosure requirements on management-defined performance measures ("MPMs"); and enhanced requirements on aggregation and disaggregation of information. Earlier application is permitted.

HKFRS 19, *Subsidiaries without public accountability: disclosures*, simplifies financial reporting by allowing eligible subsidiaries to apply and hence assert compliance with HKFRS Accounting Standards with reduced disclosures. A subsidiary may elect to apply HKFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date, it does not have public accountability and its parent produces consolidated financial statements that are available for public use under HKFRS Accounting Standards. A subsidiary applying HKFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with HKFRS Accounting Standards that HKFRS 19 has been adopted. Earlier application is permitted.

Except for HKFRS 18 mentioned above, the adoption of them is unlikely to have a significant impact on the consolidated financial statements. The application of HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact on the Group's consolidated financial statements.

46. LITIGATION

Reference is made to the announcements of the Company made through The Stock Exchange of Hong Kong Limited dated 2 February 2021, 11 April 2023, 1 June 2023, 9 September 2024 and 11 November 2024 (the "Announcements") which have disclosed, among others, matters pertaining to the litigation filed by Fang Ming (the "Plaintiff") against the Group relating to equity transfer dispute of Ying Li International Real Estate Limited (the "Legal Proceedings"). Certain amount of the Group's assets insignificant to its daily operations were preserved under the Legal Proceedings.

Following the appeal filed by the Company, on 5 September 2024, the Company received a civil judgment issued by the High People's Court of Chongqing Municipality which ruled that, among other things, the civil judgment issued by the Fifth Intermediate People's Court of Chongqing Municipality (the "First Instance Court") shall be revoked and the case shall be remanded to the First Instance Court for retrial. The Company subsequently received a civil complaint (the "Civil Complaint") against the Company in respect of the Legal Proceedings in which the Plaintiff alleged that there was disagreement over the consideration of the equity transfers, and demanded the Company to restate and compensate for the Plaintiff's properties, financial loss and other related losses and certain subsidiaries of the Company as the other defendants to be jointly responsible for restitution and compensation obligations. According to the Civil Complaint, the amount involved in the relevant properties and related losses is yet to be ascertained.

The Company continues to firmly believe that the above allegations against the Group are without merit. The Group will take every possible step to defend the claim vigorously, and reserve the rights to take legal action(s) against the Plaintiff for any damages. The Company is of the view that the Legal Proceedings will not have a material adverse impact on the operations and debt-paying ability of the Group. The Company will continue to closely monitor the progress of the Legal Proceedings and use its best endeavours to safeguard the legitimate rights and interests of the Company and its shareholders. The Company will provide further information as and when appropriate in accordance with the applicable listing rules, laws and regulations.

47. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 102 to 189 were approved and authorised for issue by the Board of Directors on 26 March 2026.

FINANCIAL SUMMARY

RESULTS

	For the years ended 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Turnover	21,785,133	7,707,730	6,047,280	6,548,605	8,286,292
Profit/(loss) from operating activities after finance costs and impairment losses	2,252,219	(9,257,751)	(1,941,896)	(2,140,197)	(2,093,898)
Share of profits less losses of associates and joint ventures	1,288,334	634,009	256,006	(37,728)	436,803
Profit/(loss) profit before taxation	3,540,553	(8,623,742)	(1,685,890)	(2,177,925)	(1,657,095)
Income tax (expenses)/credit	(768,186)	923,427	(76,379)	313,266	(77,517)
Profit/(loss) for the year	2,772,367	(7,700,315)	(1,762,269)	(1,864,659)	(1,734,612)
Attributable to:					
Equity shareholders of the Company	2,572,840	(7,443,299)	(1,922,639)	(1,909,019)	(2,007,723)
Holders of perpetual capital securities	88,585	89,284	98,066	78,993	82,911
Non-controlling interests	110,942	(346,300)	62,304	(34,633)	190,200
	2,772,367	(7,700,315)	(1,762,269)	(1,864,659)	(1,734,612)
Earnings/(loss) per share (HK\$)	1.527	(4.417)	(1.141)	(1.133)	(1.191)

ASSETS AND LIABILITIES

	As at 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Total assets	101,793,561	84,476,611	79,587,922	74,686,005	73,783,473
Total liabilities	(50,757,031)	(46,599,510)	(45,482,136)	(42,035,934)	(41,642,281)
Perpetual capital securities	(2,341,161)	(2,341,083)	(2,209,566)	(2,209,630)	(3,857,815)
Non-controlling interests	(1,759,044)	(1,046,815)	(906,499)	(713,777)	(887,062)
Shareholders' fund	46,936,325	34,489,203	30,989,721	29,726,664	27,396,315

PARTICULARS OF MAJOR PROPERTIES

Location	Site area/Gross floor area	Tenure	Use
Hong Kong			
46th Floor, Far East Finance Centre, 16 Harcourt Road	Gross floor area of 10,800 sq. ft.	Government lease for 75 years from 23rd July 1980, renewable for another 75 years	Commercial
40th Floor, Far East Finance Centre, 16 Harcourt Road	Gross floor area of 10,800 sq. ft.	Government lease for 75 years from 23rd July 1980, renewable for another 75 years	Commercial
Flat A, 27/F, 1 Star Street, Wanchai	Gross floor area of 655 sq. ft.	Government lease for 75 years from 22nd August 1928, renewable for another 75 years	Residential
Chinese Mainland			
Units 1-17, 8th Floor, Industrial Bank Building, 4013 Shennan Road, Futian District, Shenzhen	Gross floor area of 1,241.25 sq.m.	Land use rights for 50 years from 27th December 2000	Commercial
Unit 1300, Level 13, China Overseas International Center, 28 Ping'anli West Street, Xicheng District, Beijing	Gross floor area of 1,474.42 sq.m.	Land use rights for 50 years from 7th March 2004	Commercial
Level 25, 21 Century Center, No. 210 Century Road, Pudong New District, Shanghai	Gross floor area of 1,976.23 sq.m.	Land use rights for 50 years from 25th February 1997	Commercial

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lin Chun (Chairman)
Pan Jianyun
An Xuesong
Su Yang
Lin Zhijun*
Law Cheuk Kin Stephen*
Wong Chun Sek Edmund*
Young Danding Xu*

* Independent Non-executive Directors

COMPANY SECRETARY

Wan Kim Ying Kasina

REGISTERED OFFICE

46th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Everbright Bank Company Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Ping An Bank Co., Limited
Bank of China (Hong Kong) Limited
Shanghai Pudong Development Bank Co., Ltd,
Hong Kong Branch

SHARE REGISTRAR

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

AUDITOR

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

WEBSITE ADDRESS

www.everbright.com

INVESTOR RELATIONS CONTACT

ir@everbright.com

STOCK CODE

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