遠東宏信
FEHORIZON

2025 ANNUAL REPORT

Incorporated in Hong Kong with limited liability
Stock Code: 03360.HK

遠東宏信有限公司

FAR EAST HORIZON LIMITED

Exploring New Prospects Delivering Steady and Promising Performance

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Executive Director

Mr. KONG Fanxing
(Chairman, Chief Executive Officer)

Executive Directors

Mr. WANG Mingzhe
(Chief Financial Officer)

Mr. CAO Jian
(Senior Vice President)

Non-Executive Directors

Mr. CHEN Shumin
(Vice Chairman)

Ms. WEI Mengmeng

Mr. LIU Haifeng David (former non-executive Director, retired with effect from 10 March 2026)

Mr. KUO Ming-Jian

Mr. John LAW

Independent Non-executive Directors

Mr. HAN Xiaojing

Mr. LIU Jialin

Mr. YIP Wai Ming

Mr. WONG Ka Fai Jimmy

COMPOSITION OF COMMITTEES

Audit and Risk Management Committee

Mr. YIP Wai Ming *(Chairman)*

Mr. HAN Xiaojing

Mr. John LAW

Remuneration and Nomination Committee

Mr. LIU Jialin *(Chairman)*

Mr. HAN Xiaojing

Mr. KUO Ming-Jian

Strategy and Investment Committee

Mr. LIU Haifeng David *(Chairman)* (former non-executive Director, retired with effect from 10 March 2026)

Mr. KONG Fanxing

Mr. WONG Ka Fai Jimmy

Environmental, Social and Governance Committee

Mr. WONG Ka Fai Jimmy
(Chairman)

Mr. HAN Xiaojing

Mr. John LAW

COMPANY SECRETARY

Ms. YUEN Wing Yan Winnie

(resigned on 11 March 2026)

Ms. YEUNG Siu Lam

(appointed on 11 March 2026)

AUTHORISED REPRESENTATIVES

Mr. KONG Fanxing

Ms. YUEN Wing Yan Winnie

(resigned on 11 March 2026)

Ms. YEUNG Siu Lam

(appointed on 11 March 2026)

REGISTERED OFFICE

Units 6706B-6708A, 67/F,
International Commerce Centre,
1 Austin Road West,
Kowloon,
Hong Kong

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Far East Horizon Plaza,
9 Yaojiang Road,
Pudong New Area,
Shanghai,
the People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 6706B-6708A, 67/F,
International Commerce Centre,
1 Austin Road West,
Kowloon,
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

PRINCIPAL BANKERS

China Development Bank

Bank of China

AUDITORS

Ernst & Young

(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)

(As the auditors for the financial year since 2009)

LEGAL ADVISER

Baker & McKenzie

COMPANY'S WEBSITE

www.fehorizon.com

STOCK CODE

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited

Stock Code: 3360

COMPANY PROFILE

Far East Horizon Limited (the "Company" or "Far East Horizon") and its subsidiaries (the "Group") is one of China's leading innovative financial companies focusing on the Chinese fundamental industries and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing and enormous economy in China. Based on its operational philosophy of "finance + industry", Far East Horizon endeavors to realize its vision of "Integrating global resources and promoting industry development" by making innovations in products and services to provide our customers with tailor-made integrated operations services. Over the past more than 10 years, the Group has been leading the development of the industry, and has been listed among the Fortune China 500 and Forbes Global 2000.

Over the past two decades, the Group has evolved from a single financial service company into an integrated service provider backed by the mainland and headquartered in Hong Kong with a global footprint so as to facilitate national economic and sustainable social development. With the creative integration of industrial services and financial capital and with unique advantages in the organization of resources and value added services, we provide integrated finance, investment, trade, advisory and engineering services in healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics, urban public utility as well as other fundamental sectors.

The Group, headquartered in Hong Kong, has business operations centers in Shanghai, Tianjin and Guangzhou, and has offices in major cities throughout China such as Beijing, Shenyang, Ji'nan, Zhengzhou, Wuhan, Chengdu, Chongqing, Changsha, Shenzhen, Xi'an, Harbin, Xiamen, Kunming, Hefei, Nanning and Urumqi, forming a client service network that covers the national market. The Group has been successfully operating its multiple specialized business platforms in China and abroad in financial services, industrial investment, hospital investment and operations, equipment operation services, exquisite education, trade brokerage, management consulting, engineering services, etc.

The Company was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2011.

OFFICE LAYOUT NATIONWIDE

CHAIRMAN'S STATEMENT

KONG Fanxing
Chairman of the Board,
Executive Director and CEO
Far East Horizon Limited

In 2025, the global economic landscape continued to evolve. Adhering to its core business values, the Group proactively reformed itself to cope with external challenges. The Group accelerated the iteration of a new commercial ecosystem, and promoted the steady and robust development of the Company, thereby resulting in a steady and stable financial structure in general.

Principal finance business remained steady and promising: A new ecosystem was created for traditional business. Capitalizing on marketization, internationalization and professional capabilities and mechanisms, the Group was building up its unique competitive edges centering the two main directions of "serving the industry and serving the city". The safety cushion for principal finance business continued to enhance. A new model was established for inclusive finance business. The Group achieved breakthroughs while ensuring security, thus bringing new power for overall operation.

Overall operation was manageable: All business segments of the Group recorded profits during the year. The asset quality in principal finance business continued to improve with continuous optimization in asset structure and persistent, prudent liquidity management, which efficiently mitigated the impacts of industry fluctuations. Horizon Construction Development focused on adjustments for its domestic operations, and continued to actively expand its overseas operations. Despite the decline in performance as a result of disturbance in business environment, Horizon Construction Development still maintained its leading position in the industry. Horizon Healthcare maintained stable operations, and continued to make positive profit contribution.

Shareholder returns remained steady and high: Dividend distribution policy remained steady. The Group proposed to distribute a final dividend for 2025 of HK$0.31 per share, together with the distributed interim dividend of HK$0.25 per share, amounting to HK$0.56 per share in aggregated. The dividend payout ratio reached 61%, bringing generous dividend returns for Shareholders continuously.

CHAIRMAN'S STATEMENT

Achievements made in sustainable development works: The Group proactively set the "Far East Samples" for sustainable development. Focusing the "Five Key Areas of Finance", namely technology finance, green finance, inclusive finance, pension finance and digital finance, the Group provided comprehensive services and created incremental value for the long-term sustainable development of its customers. In 2025, the Group completed the "sustainable development" related bank financing equivalent to approximately RMB9.7 billion to be utilized for asset investment in renewable energy, sewage treatment, energy efficiency enhancement and other fields. Capitalizing on its endeavor works on sustainable development, the Company maintained its leading position in S&P Global Corporate Sustainability Assessment (CSA) Score, Carbon Disclosure Project (CDP) Corporate Environment Information Disclosure Rating and other third part ratings, and won several major ESG-related awards during the year.

All of this would not have been possible without the hard work of all of the staff and the strong support of our Shareholders, creditors, customers and stakeholders. On behalf of the Board of Directors, the management and all of the staff, I would like to hereby express my heartfelt thanks to all of you.

Looking back on 2025, the Group prioritized safe and stable operations and gradually facilitated various business tasks under its "finance + industry" development strategic framework.

In respect of financial services: This segment recorded revenue of RMB22.676 billion in aggregate during the year, representing a year-on-year increase of 4.47% as compared to last year. In particular, traditional business provided the most competitive top-tier customers with comprehensive quality services by fully leveraging resources and mechanism advantages, and continuously made active adjustment to asset deployment and duration in a prudent way, aiming to achieve steady recovery in asset scale, asset quality and security enhancement, and maintain interest spread at a competitive level. For inclusive finance business, the Group continued to explore markets in riverside and coastal areas with developed economies, and precisely targeted on the most resilient customer base. Both asset scale and interest income achieved rapid growth. In addition, the Group adopted a more stringent, prudent policy on non-performing loans identification and write-off to ensure operational safety. As at the end of 2025, net interest-earning assets of the Group amounted to RMB272.047 billion, representing an increase of 4.38% as compared to the end of last year. Investments in asset steadily increased. The proportion of non-performing assets declined to 1.03%. The proportion of interest-earning assets overdue for more than 30 days dropped to 0.82%. Asset quality continued to improve. Net interest spread was 4.39% while net interest margin was 4.83%. Profitability remained steady.

In respect of industrial operation: This segment recorded total revenue of RMB13.284 billion during the year, with revenue contribution of 36.94%, maintaining the diversified financial structure of "finance + industry". In particular, Horizon Construction Development, as a leading comprehensive equipment operation service provider in China, proactively improved the asset allocation and deployment for its domestic operations. However, the performance was still under pressure as affected by the market environment. For overseas market, Horizon Construction Development continued to deepen its penetration into local markets, and improved the application of operational system in different markets, thus pushing forward in realizing its mission of "becoming a leading global comprehensive equipment operation service provider". As at the end of 2025, the number of aerial work platforms managed by Horizon Construction Development was approximately 200,000 sets. Horizon Construction Development managed approximately 1.88 million tons of materials assets in total. It had 485 outlets in China (including Hong Kong) and 77 outlets in overseas markets, covering Malaysia, Vietnam, Indonesia, Thailand, Saudi Arabia, the UAE and Turkey. Meanwhile, the number of overseas employees increased to approximately 1,400, with the localization rate of nearly 90%. In 2025, the total revenue of Horizon Construction Development amounted to RMB9.359 billion. Its profit for the year amounted to RMB147 million. In particular, overseas operations contributed revenue of RMB1,402 million, and profit of RMB135 million. Horizon Healthcare continued to optimize management modes and improve management efficiency, and currently had 25 holding hospitals. In 2025, Horizon Healthcare recorded total revenue of RMB3,572 million. The profit for the year amounted to RMB83 million, maintaining positive profit contribution.

CHAIRMAN'S STATEMENT

As at the end of 2025, the total assets of the Group amounted to RMB370,961 million, representing an increase of 2.93% as compared to the end of last year. The revenue for the year amounted to RMB35,785 million. The profit attributable to ordinary Shareholders for the year amounted to RMB3,889 million. Return on average equity reached 7.71%.

The Company, which is at the stage of steady development for overall performance, has continued its routine and generous dividend distribution policy. In September 2025, the Company distributed interim dividends of HK$0.25 per share to Shareholders, and recommended distribution of a final cash dividend of HK$0.31 per share in June 2026. The total dividends for 2025 amounted to HK$0.56 per share, with total dividend amount representing approximately 61% of the profit attributable to ordinary Shareholders of the Company for 2025. Looking forward, the Company will continue the stability of its cash distribution policy on the basis of maintaining steady operation, and proactive bring returns for its Shareholders.

The Board of Directors of the Company took the entrustment of Shareholders as its duty, duly abided by its responsibilities, and constantly improved the governance structure to enhance the governance standards. In accordance with the requirements of the Corporate Governance Code of the Stock Exchange, the Company convened four regular Board meetings in 2025 to deliberate, review and approve matters related to its operation and management, and all decisions made were in line with the development needs of the Group and in the interests of all Shareholders. At the same time, the dedicated committees under the Board fully performed their respective rights and obligations delegated by the Board in various aspects such as improving and optimizing the remuneration and incentive systems and improving the level of internal risk control for the Company, which effectively safeguarded the interests of all Shareholders. They also continued to guide and promote the works on sustainable development of the Company.

Looking forward to 2026, the Group will adhere to the development strategy of "finance + industry" as always, continue to advance commercial ecosystem iteration, and steadily facilitate various operations, striving to continuously create values for Shareholders, creditors, customers and stakeholders.

KONG Fanxing
Chairman of the Board, executive Director and CEO
Far East Horizon Limited

BUSINESS OVERVIEW

For the year ended 31 December

2025

Total revenue (RMB'000)

35,785,015

Year	Total revenue
2025	**35,785,015**
2024	37,749,156
2023	37,959,798
2022	36,585,722
2021	33,643,923

For the twelve months ended 31 December

Profit for the period attributable to holders of ordinary shares (RMB'000)

3,888,519

Year	Profit for the period attributable to holders of ordinary shares
2025	**3,888,519**
2024	3,862,461
2023	6,192,972
2022	6,128,954
2021	5,512,245

For the twelve months ended 31 December

Basic Earnings per Share (RMB)

0.87

Year	Basic Earnings per Share
2025	**0.87**
2024	0.92
2023	1.47
2022	1.46
2021	1.36

For the twelve months ended 31 December

Diluted earnings per share (RMB)

0.83

Return on average assets [2]
For the twelve months ended 31 December

1.09%

Return on average equity [3]
For the twelve months ended 31 December

7.71%

Gearing ratio
For the twelve months ended 31 December

2024: **84.05%**
2025: **83.75%**

Net interest margin [4]
For the twelve months ended 31 December

4.83%

Net interest spread [5]
For the twelve months ended 31 December

4.39%

Cost to income ratio [6]
For the twelve months ended 31 December

48.89%

Net assets per share (RMB)
For the twelve months ended 31 December

2024: **11.34**
2025: **10.82**

BUSINESS OVERVIEW

FOR THE YEAR ENDED 31 DECEMBER

2025

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Total revenue	**35,785,015**	37,749,156	37,959,798	36,585,722	33,643,923
Financial services (interest income)	**21,807,366**	21,182,108	22,467,103	21,677,501	19,168,370
Advisory services (fee income)	**868,301**	523,546	896,331	1,822,575	3,178,894
Revenue from industrial operation	**13,283,870**	16,180,581	14,739,271	13,232,942	11,434,721
Taxes and surcharges	**(174,522)**	(137,079)	(142,907)	(147,296)	(138,062)
Cost of sales	**(18,925,110)**	(20,734,304)	(19,958,815)	(18,127,725)	(16,431,419)
Borrowing costs	**(8,944,616)**	(9,397,606)	(9,982,081)	(9,007,594)	(8,937,086)
Costs for industrial operation	**(9,980,494)**	(11,336,698)	(9,976,734)	(9,120,131)	(7,494,333)
Pre-provision operating profit(1)	**9,338,164**	9,275,587	10,614,851	12,438,003	13,143,618
Profit before tax	**8,032,369**	8,021,363	10,425,260	10,318,605	10,013,298
Profit for the year attributable to holders of ordinary shares of the Company	**3,888,519**	3,862,461	6,192,972	6,128,954	5,512,245
Basic earnings per share (RMB)	**0.87**	0.92	1.47	1.46	1.36
Diluted earnings per share (RMB)	**0.83**	0.84	1.33	1.33	1.25
Profitability indicators					
Return on average assets(2)	**1.09%**	1.27%	1.98%	1.93%	1.96%
Return on average equity(3)	**7.71%**	7.80%	12.99%	14.13%	14.57%
Net interest margin(4)	**4.83%**	4.48%	4.58%	4.67%	4.06%
Net interest spread(5)	**4.39%**	4.00%	3.98%	3.94%	3.21%
Cost to income ratio(6)	**48.89%**	48.98%	45.12%	36.79%	35.29%

BUSINESS OVERVIEW

	31 December 2025	31 December 2024	31 December 2023	31 December 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**370,961,369**	360,390,000	351,483,236	346,995,497	335,880,288
Net interest-earning assets	**272,046,827**	260,641,331	269,084,739	270,600,890	258,378,834
Total liabilities	**310,667,725**	302,912,859	293,913,636	294,554,075	282,826,178
Interest-bearing bank and other borrowings	**266,919,667**	264,918,183	255,636,145	251,327,480	230,200,742
Gearing ratio	**83.75%**	84.05%	83.62%	84.89%	84.20%
Total equity	**60,293,644**	57,477,141	57,569,600	52,441,422	53,054,110
Equity attributable to holders of ordinary shares of the Company	**51,942,124**	48,990,316	50,099,369	45,248,875	41,522,550
Net assets per share (RMB)	**10.82**	11.34	11.61	10.49	9.63
Duration matching of assets and liabilities					
Financial assets	**321,470,596**	311,067,265	306,682,291	300,812,935	288,725,308
Financial liabilities	**302,003,026**	297,613,319	285,025,325	285,798,663	272,024,528
Quality of interest-earning assets					
Non-performing asset ratio(7)	**1.03%**	1.07%	1.04%	1.05%	1.06%
Provision coverage ratio(8)	**227.82%**	227.78%	227.59%	239.97%	241.75%
Write-off of non-performing assets ratio(9)	**50.37%**	40.70%	49.41%	50.14%	40.32%
Overdue interest-earning assets (over 30 days) ratio(10)	**0.82%**	0.90%	0.91%	0.91%	0.94%

BUSINESS OVERVIEW

Notes:

(1) Pre-provision operating profit = Profit before tax+ provision for assets;

(2) Return on average assets = profit for the year/average balance of assets at the beginning and end of the year;

(3) Return on average equity = Profit for the year attributable to holders of ordinary shares of the Company/average balance of equity attributable to holders of ordinary shares of the Company at the beginning and end of the year;

(4) Net interest margin = net interest income/average balance of interest-earning assets;

(5) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities;

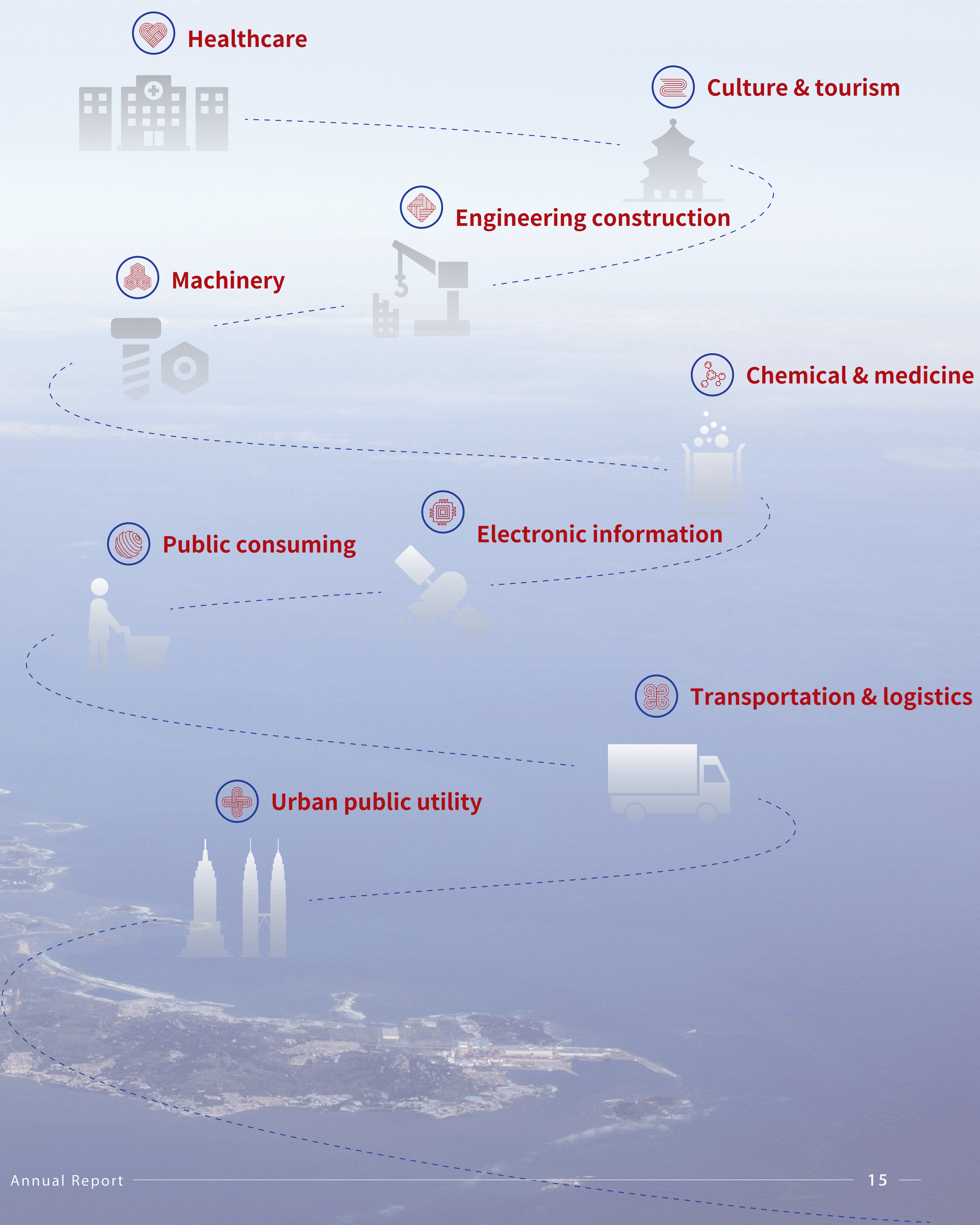
(6) Cost to income ratio = selling and administrative expense/gross profit;

(7) Non-performing asset ratio = net non-performing assets/Net interest-earning assets;

(8) Provision coverage ratio = provision for interest-earning assets/net non-performing assets;

(9) Write-off of non-performing assets ratio = written-off and disposal of non-performing assets/non-performing assets at the end of the previous year;

(10) Overdue interest-earning assets (over 30 days) ratio = overdue interest-earning assets (over 30 days)/Net interest-earning assets;


Healthcare
Culture & tourism
Engineering construction
Machinery
Chemical & medicine
Electronic information
Public consuming
Transportation & logistics
Urban public utility

MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMIC ENVIRONMENT

1.1 Macro-economy

In 2025, China's gross domestic product (GDP) was RMB140.19 trillion on a constant price basis, representing a year-on-year increase of 5.0%. On industry level, the added value of the primary industry was RMB9.33 trillion, representing a year-on-year increase of 3.9% and a contribution to economic growth of 9.1%; the added value of the secondary industry was RMB49.97 trillion, representing a year-on-year increase of 4.5% and a contribution to economic growth of 27.6%; and the added value of the tertiary industry was RMB80.89 trillion, representing a year-on-year increase of 5.4% and a contribution to economic growth of 63.2%. Taking into consideration the price factor, the GDP deflator recorded a year-on-year decrease of 0.96%, of which the primary industry deflator decreased by 1.96%, the secondary industry deflator decreased by 2.48%, and the tertiary industry deflator increased by 0.17%.

On the demand side, in respect of investment in 2025, the investment in fixed assets (excluding rural households) nationwide amounted to RMB48.52 trillion, representing a year-on-year decrease of 3.8%. In particular, private investment in fixed assets recorded a year-on-year decrease of 6.4%. In respect of consumption, the total sales of social consumer goods amounted to RMB50.12 trillion, representing a year-on-year increase of 3.7%. In particular, the sales of urban consumer goods amounted to RMB43.29 trillion, and the sales of rural consumer goods amounted to RMB6.82 trillion. In respect of exports, total imports and exports of goods amounted to RMB45.47 trillion, representing a year-on-year increase of 3.8%. In particular, export of goods amounted to RMB26.99 trillion, representing a year-on-year increase of 6.1%; and import of goods amounted to RMB18.47 trillion, representing a year-on-year increase of 0.5%. The trade surplus was RMB8.51 trillion after offsetting the exports against the imports.

On the supply side, the industrial capacity utilization rate was 74.4% in 2025, representing a year-on-year decrease of 0.6 percentage points. For the three major industries, the mining industry, the manufacturing industry, and the electricity, heat, gas and water production and supply industry reported a capacity utilization rate of 72.8%, 74.6% and 73.4%, respectively. Total profits of the industrial enterprises above a designated size amounted to RMB7.39 trillion, representing a year-on-year increase of 0.6%. For the three major industries, the total profits from the mining industry, the manufacturing industry, and the electricity, heat, gas and water production and supply industry decreased by 26.2%, increased by 5.0% and increased by 9.4% as compared to the previous year, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of fiscal policy, the national general public budget expenditure in 2025 was RMB28.74 trillion, representing a year-on-year increase of 1.0%. The increase was mainly driven by the expenses for social security and employment, science and technology, energy conservation and environmental protection, health and hygiene, and education, which increased by 6.7%, 4.8%, 6.1%, 5.7% and 3.2%, respectively. The national general public budget revenue was RMB21.61 trillion, representing a year-on-year decrease of 1.7%. In particular, tax revenue amounted to RMB17.64 trillion, representing a year-on-year increase of 0.8%. Non-tax revenue amounted to RMB3.97 trillion, representing a year-on-year decrease of 11.3%.

From the perspective of various industry segments served by the Group, divergent development trends were observed across segments. In respect of urban public utility, infrastructure investment growth declined with a year-on-year decrease of 1.5%, marking the first negative growth in nearly 20 years. In respect of engineering construction, real estate construction growth slowed down, but a ramp-up in "Two Priority Areas" projects provided support for engineering construction, with RMB800 billion allocated to the "Two Priority Areas" projects in 2025 to fund 1,459 projects. In respect of culture & tourism, the tourism market continued to pick up. Civil air passenger traffic reached 770 million, representing a year-on-year increase of 5.5%. In respect of healthcare, medical investment remained sluggish. Investment in the healthcare segment decreased by 13.5% as compared to the previous year. In respect of transportation & logistics, cargo transportation remained stable in general. China's freight volume grew by 3.2% as compared to the previous year, while passenger traffic grew by 0.3% as compared to the previous year. In respect of public consuming, investment remained stable. Fixed asset investment was flat in the alcohol, beverage and refined tea manufacturing industry, but increased by 2.2% in the food processing industry and 4.3% in the textiles and apparel industry as compared to the previous year. In respect of machinery manufacturing, general-purpose equipment showed signs of improved sentiment with a 6.2% increase in investment. The electronics industry remained sluggish, with a year-on-year decrease of 3.2% in computer and communication investment.

Source: National Bureau of Statistics of China, Ministry of Transport, Ministry of Culture and Tourism, General Administration of Customs, China Association of Automobile Manufacturers, Ministry of Commerce and Ministry of Finance

1.2 Financial Environment

In 2025, the broad money supply (M2) increased by 8.5% as compared to the previous year, and the scale of social financing stock increased by 8.3% as compared to the previous year. Social financing costs further declined, with the 1-year Loan Prime Rate (LPR) and 5-year LPR averaging 3.03% and 3.53%, representing a decrease of 31 basis points (BPs) and 33 BPs from 2024, respectively. The net interest margin for commercial banks dropped by 10BPs to 1.42% as compared to the previous year.

The People's Bank of China or the central bank implemented a moderately accommodative monetary policy to maintain ample liquidity. By utilizing a comprehensive mix of quantitative, price-based and structural monetary policy tools, it created a favorable monetary and financial environment conducive to economic recovery and financial market stability. In May, the central bank cut the open market 7-day reverse repo rate by 0.1 percentage point and the reserve requirement ratio by 0.5 percentage point, injecting approximately RMB1 trillion of long-term liquidity into the financial market. Meanwhile, quotas for various relending facilities were further increased. The relending quota for technological innovation and technical transformation reached RMB800 billion, while the relending quota for supporting agriculture and small entities reached RMB3 trillion. A RMB500 billion relending facility for service consumption and elderly care was introduced, further expanding and upgrading the special relending policy for inclusive elderly care. In December, the central bank lowered interest rates on various structural monetary policy tools by 0.25 percentage point, bringing the one-year rate for various relending facilities down to 1.25%, and reduced the minimum down payment ratio for commercial property loans to 30%.

Source: People's Bank of China

MANAGEMENT DISCUSSION AND ANALYSIS

1.3 Industry Operation

In respect of financial leasing, the industry was characterized by a dual focus on regulation and development. On the one hand, the National Financial Regulatory Administration issued the Measures for the Administration of the Financial Leasing Business of Financial Leasing Companies, which require financial leasing companies to focus on their core business, tighten risk controls, ensure clear ownership of leased assets, and strengthen the supervision of leaseback funds. As such, the industry as a whole was trending towards more standardized and healthy development. On the other hand, several regional authorities, including those in Anhui, Guangdong, Tianjin and Shanghai, issued documents covering areas such as business innovation, cross-border facilitation and industrial support, encouraging the continued growth of innovative enterprises within the industry. Despite the regulatory direction becoming clearer, the industry faced a backdrop of macroeconomic downturn and insufficient demand. As of the first half of 2025, the balance of financial leasing contracts at the end of the period amounted to RMB5,424.0 billion, representing a year-on-year decrease of 3.25%. The number of financial leasing companies was 7,020, representing a year-on-year decrease of 19.04%. As the industry continued to contract under stricter regulation, only companies with standardized management and compliant operations could possess the foundation for long-term sustainability.

In respect of equipment leasing, the industry presented a pattern of domestic pressure and adjustment contrasted with broad opportunities overseas. In the domestic market, with the national focus on the "Two Priority Areas and Two New Areas" strategic deployment in 2025, the engineering machinery leasing industry still had scope for development. The unit volume of the aerial work platform reached 669,000 units, representing a year-on-year increase of 12%, although the penetration rate remained far lower than that of mature markets in Europe and America. The demand for new support systems remained stable in sectors such as water-conservancy and electric power and urban renewal, with development expected to accelerate driven by policies. The unit volume of ringlock scaffold reached 27 million tonnes, with industry growth slowing sharply. The leasing market faced challenges such as sluggish demand, price competition and lengthened return cycles, indicating an urgent need for market clearance and consolidation. In overseas markets, infrastructure demand along the "Belt and Road" route, as well as in Africa and the Middle East, remained vigorous. In 2025, the revenue from China's foreign contracted projects reached RMB1,181.99 billion, representing a year-on-year increase of 4.2%. The overseas market was becoming a crucial strategic pillar for the sustainable and healthy development of Chinese construction and engineering machinery enterprises.

In respect of the healthcare industry, policy factors played a significant role. On the one hand, under the guidance of the "Healthy China" national strategy, the healthcare industry was shifting its focus from "disease treatment" to "health management." The healthcare industry, covering the full lifecycle of prevention, treatment, rehabilitation and elderly care, was ushering in a golden period of development. On the other hand, China's medical reform had reached a watershed moment, creating a complex situation for the development of public healthcare. Under the combined effects of volume-based procurement of drugs and consumables, medical insurance cost control and the Sanming medical reform, the era of subsidized healthcare had ended, resulting in a clearer push for medical services to get back to basics and engage in competition through differentiation. On the demand side, population aging was accelerating with the elderly population aged 60 and above expected to increase by 140 million over the next decade, driving continuous growth in the total demand for medical services. Furthermore, the rapid development of new-generation information technologies, such as artificial intelligence, big data and cloud computing, was reshaping the scenarios for medical service delivery, bringing opportunities for technological equity to public healthcare.

Source: National Bureau of Statistics of China, People's Bank of China, China Construction Machinery Association, National Health Commission of the PRC

MANAGEMENT DISCUSSION AND ANALYSIS

1.4 Company's Solutions

In 2025, the Company maintained firm strategic resolve. Guided by the vision of "making every effort to shape excellent enterprises" and the mission of "integrating global resources and promoting industry development", the Company conducted business centered on the "finance + industry" strategy.

In terms of financial services, operations were carried out in line with two major directions of "serving industries and serving cities".

In terms of serving industries, on the one hand, traditional leasing persisted in targeting the high-end market. Led by a strategy focusing on list-based customers in relevant industries, the Company fully understood the current comprehensive development needs of top-tier customers. Leveraging its advantages in integrating domestic and overseas resources, the Company provided customers with integrated, innovative and comprehensive services, including funding, assets and overseas expansion support, for their development in the new era, thereby achieving a differentiated competitive advantage over peers. On the other hand, the inclusive finance segment deepened its presence in lower-tier markets. The Company achieved efficient customer acquisition by building organizational resilience, ensured safe operations through workflow upgrades, and realized effective asset recovery through the dynamic adjustment of its asset management system, which has resulted in an effective exploration of the blue ocean market for small and medium-sized enterprises.

In terms of serving cities, the "3+X" service framework continued to advance ("3" represents financial leasing, asset management and overseas business; "X" represents the Company's other businesses), providing urban customer groups with integrated services including funding services, capital investment and asset operations. Centered on this framework, the Company established urban operation teams in new first-tier cities such as Hangzhou, Suzhou, Chengdu and Tianjin. These teams coordinated various urban needs and integrated the Company's marketing capabilities with local resources to achieve efficient project advancement and intensive resource utilization. Meanwhile, the newly developed "City 360 System" was launched. This system organically combined local basic information, economic data, economic policies and the Company's local business layout, providing technological empowerment to business operations to enhance efficiency.

Industrial operation centered on Horizon Construction Development and Horizon Healthcare.

Horizon Construction Development has become a leading comprehensive equipment operation service provider in China in terms of scale and comprehensive capabilities, ranking 11th on the International Rental News (IRN) 100 list. In response to changes in the domestic operating environment, it steadfastly advanced the "Three + Three + Three" internationalization strategy since 2024, marching towards becoming a "top global company". In 2025, it continued to optimize its domestic operational structure and asset layout, built a full life-cycle asset management system, promoted refined customer management and specialized marketing, and explored expansion into new products, new industries and new models. Overseas, it deepened its strategic push by strengthening its service network in Southeast Asia through investment and M&A, focusing on extensive expansion in Saudi Arabia and the UAE in the Middle East, while simultaneously evaluating emerging markets such as Central Asia, Africa and South America. As of the end of 2025, Horizon Construction Development had 562 outlets globally. In particular, it had 485 outlets across 229 cities in mainland China and Hong Kong, China; overseas, it had 77 outlets across seven countries. In 2025, as affected by the downward trend of domestic equipment rental prices and the active retrenchment practices of material operations, revenue and profits came under pressure, but the overseas operations experienced rapid growth, emerging as a key driver of development.

MANAGEMENT DISCUSSION AND ANALYSIS

The number of hospitals controlled by Horizon Healthcare was 25, with the actual number of beds available amounting to approximately 10,000. A nationwide hospital operation network covering Eastern China, Southern China, Northern China, Southwest China, and Northeast China had been formed. Aspiring to become a health management healthcare group with a global vision, and building upon its healthcare foundation while strategically expanding into the broader healthcare industry, Horizon Healthcare developed value-creation capability in various dimensions by switching its approach from disease-centered to health-centered, from strong reliance on medical insurance to non-medical insurance extension, and taking its affiliated hospitals as service platforms. In the face of pressures from medical insurance payments and intensified competition in the industry, Horizon Healthcare actively engaged in strategic upgrading, on the one hand, to strengthen the capacity building of its basic medical disciplines to enhance patient attraction and increase the number of patients to hedge against the pressure of controlled medical insurance expenses, and on the other hand, to actively expand non-medical insurance services to reduce reliance on medical insurance. In addition, Horizon Healthcare reduced the operating costs of hospitals by cutting labor costs, procurement costs for pharmaceuticals and consumables and logistics and property expenses.

2. ANALYSIS OF FINANCIAL RESULTS

In 2025, the Group continued to reinforce its operations and enhance management efficiency. By leveraging the resource integration advantages of "finance + industry", the Group achieved overall steady development in its financial structure.

Financial services resumed growth, and the Group's consolidated profit remained flat. In 2025, the financial and advisory segment achieved revenue of RMB22.676 billion, representing a year-on-year increase of 4.47%. Supported by integrated services and the inclusive finance business, the interest yield of financial services saw structural growth. By adopting a customer strategy both upward and downward and adhering to its prudent risk management policy, the Group recorded a slight decrease in the non-performing asset ratio in financial services. Asset quality remained stable. Besides, as the private equity fund business progressively entered its exit phase, several investments were listed on the capital market, resulting in an overall increase in fair value and contributing a profit of RMB560 million in 2025. By virtue of the foregoing, in 2025, the Group's profit for the year attributable to holders of ordinary shares of the Company grew by 0.67% as compared with the previous year.

In 2025, upon the full conversion of the convertible bonds issued in July 2020, the total number of shares issued by the Company increased by approximately 430 million shares, and the equity attributable to holders of ordinary shares increased by RMB2.95 billion. As of the end of 2025, the Group's asset-liability ratio decreased by 0.30 percentage point, demonstrating continued optimization in financial structure.

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3. ANALYSIS OF PROFIT AND LOSS

3.1 Analysis of Profit and Loss (Overview)

The Group's overall revenue decreased by 5.20% year-on-year, mainly due to a year-on-year decrease of 17.90% in revenue from industrial operation. Gross profit, pre-provision operating profit and profit before tax remained basically flat, which was mainly attributed to the impact of lower industrial revenue offset by the resumption of growth in financial services. Profit attributable to holders of ordinary shares of the Company for the year was RMB3,888,519,000, representing an increase of 0.67% as compared to the previous year. The following table sets forth the comparative figures against the year of 2024.

	For the year ended 31 December		
	2025	2024	
	RMB'000	RMB'000	Change %
Revenue	**35,785,015**	37,749,156	-5.20%
Cost of sales	**(18,925,110)**	(20,734,304)	-8.73%
Gross profit	**16,859,905**	17,014,852	-0.91%
Other income/gains[1]	**1,686,225**	1,615,482	4.38%
Selling and administrative expenses	**(8,242,515)**	(8,333,844)	-1.10%
Other expenses and losses[1]	**(134,091)**	(68,806)	94.88%
Finance costs	**(1,214,168)**	(1,213,009)	0.10%
Gains and losses on investment in joint ventures/associates	**382,807**	260,912	46.72%
Pre-provision operating profit	**9,338,163**	9,275,587	0.67%
provision for assets	**(1,305,794)**	(1,254,224)	4.11%
Profit before tax	**8,032,369**	8,021,363	0.14%
Income tax expense	**(4,037,011)**	(3,502,126)	15.27%
Profit for the year	**3,995,358**	4,519,237	-11.59%
Attributable to:			
Holders of ordinary shares of the Company	**3,888,519**	3,862,461	0.67%
Holders of perpetual securities	**–**	32,188	-100.00%
Non-controlling interests	**106,839**	624,588	-82.89%

MANAGEMENT DISCUSSION AND ANALYSIS

Note:

(1) There is a difference in terms of caliber between the amount of other income/gains, as well as other expenses and losses and the consolidated statement of profit or loss in the financial report. The gain or loss on change in fair value of interest-earning financial assets here is included in provision for assets, the gain or loss on change in fair value of non-interest earning financial assets here is included in "other income/gains" (net gain) or in "other expenses and losses" (net loss) on a net basis. In the consolidated statement of profit or loss, the gain on change in fair value of financial assets and financial liabilities is included in "other income and gains", and the loss on changes in fair value is included in "other expenses".

In 2025, the Group recorded a slight decline in consolidated revenue. Nevertheless, by virtue of improved operational efficiency, enhanced asset value, and disposal of non-performing assets, profit before tax remained stable in general, and the net profit attributable to holders of ordinary shares showed year-on-year improvement.

The specific changes in profit and loss are explained as follows:

(i) Revenue and gross profit both experienced a year-on-year decline. Revenue and gross profit are primarily derived from two major segments, i.e. financial services and industrial operation. In particular, the revenue and gross profit of financial services increased by 4.47% and 11.56% as compared with the previous year, respectively, while the revenue and gross profit of industrial operation decreased by 17.90% and 31.80% as compared with the previous year, respectively. Due to the decline in the performance of industrial operation, the overall revenue and gross profit of the Group decreased by 5.20% and 0.91%, respectively.

(ii) Other income/gains: Other income/gains of the Group, comprising government grants, and equity and debt investment income, amounted to RMB1,686,225,000 in 2025, representing an increase of 4.38% from RMB1,615,482,000 in the previous year, remaining basically stable.

(iii) Gains and losses on investment in joint ventures/associates: Joint ventures/associates represent the Group's equity interests in investees where the Group exercises significant influence but does not have control over their business decisions. Gains and losses on investment are primarily calculated based on the profits of the investees and the shareholding of the Group in these investees. In 2025, gains on investment in joint ventures/associates amounted to RMB382,807,000, representing an increase of 46.72% from RMB260,912,000 in the previous year, mainly attributable to the improved business performance of the investees.

MANAGEMENT DISCUSSION AND ANALYSIS

(iv) Provision for assets: The Group makes provision for both financial services and industrial operation, and adopts a consistent and prudent approach in making provision for assets. For financial services, provision and reversal of bad debts after write-off for the traditional financial business amounted to RMB151,343,000 and RMB497,789,000, respectively. As reversal of bad debts after write-off represented the deduction of provision, this resulted in an overall reversal of provision for the traditional financial business of RMB346,446,000 for the year, representing a decrease of RMB772,922,000 as compared with the previous year. To prevent the accumulation or deferral of bad debts in the financial operations of the inclusive finance business, the Group adopted a more prudent write-off policy that is better aligned with current business development to write off projects upon 30+ days overdue, resulting in write-off losses of RMB1,043,562,000, representing an increase of RMB630,883,000 as compared with the previous year. In addition, reversal of bad debts after write-off for the inclusive finance business amounted to RMB84,010,000, representing an increase of RMB66,961,000 as compared with the previous year. Furthermore, as the business model of the inclusive finance business was maturing, the balance of pass and special mention assets grew steadily, with corresponding provision of RMB209,269,000, representing an increase of RMB254,272,000 as compared with the previous year. In conclusion, provisions and losses for interest-earning assets in the financial services totaled RMB822,375,000, representing an increase of RMB45,272,000 as compared with the previous year. For industrial operation, provision for operating entities such as Horizon Construction Development remained stable at RMB483,419,000, representing an increase of RMB6,298,000 as compared with the previous year.

(v) Taking into account the above factors, the profit before tax of the Group for 2025 remained stable, representing a slight increase of 0.14% as compared with the previous year.

(vi) In 2025, the effective tax rate of the Group's business entities remained generally stable as compared with 2024. However, due to the continued cross-border dividend distribution to overseas companies and an increase in overseas expenses not deductible for tax, the consolidated effective tax rate increased from 43.7% in 2024 to 50.3% in 2025. For a detailed analysis, please refer to item 3.11 of this section.

Due to the impact of income tax, in 2025, despite a slight increase in profit before tax, the Group's profit for the year amounted to RMB3,995,358,000, representing a decrease of 11.59% as compared with the previous year. As the Group's core financial services contributed a larger share of profit, the profit for the year attributable to holders of ordinary shares of the Company increased by 0.67% as compared with the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

3.2 Revenue

In 2025, the Group realized revenue of RMB35,785,015,000, representing a slight decrease from RMB37,749,156,000 in the previous year. In particular, revenue (before taxes and surcharges) from the financial and advisory segment was RMB22,675,667,000, accounting for 63.06% of the total revenue (before taxes and surcharges) and representing an increase of 4.47% as compared with the previous year. Revenue from the industrial operation segment (before taxes and surcharges) was RMB13,283,870,000, accounting for 36.94% of the total revenue (before taxes and surcharges), representing a decrease of 17.90% as compared with the previous year.

The table below sets forth the composition and the change of the Group's revenue by business segment for the periods indicated.

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Financial and advisory segment	22,675,667	63.06%	21,705,654	57.29%	4.47%
Financial services (interest income)	21,807,366	60.65%	21,182,108	55.91%	2.95%
Advisory services (fee income)	868,301	2.41%	523,546	1.38%	65.85%
Industrial operation segment	13,283,870	36.94%	16,180,581	42.71%	-17.90%
Revenue from equipment operation	9,359,192	26.03%	11,581,062	30.57%	-19.19%
Revenue from healthcare operation	3,571,886	9.93%	4,092,550	10.80%	-12.72%
Others	352,792	0.98%	506,969	1.34%	-30.41%
Total	35,959,537	100.00%	37,886,235	100.00%	-5.09%
Taxes and surcharges	(174,522)		(137,079)		27.31%
Revenue (after taxes and surcharges)	35,785,015		37,749,156		-5.20%

In 2025, the Group realized revenue of RMB35,785,015,000, representing a slight decrease from RMB37,749,156,000 in the previous year. Facing the ever-changing environment, the Group placed a greater emphasis on the quality of operations, insisting on taking safe and stable operations as its top priority and prudently pushing ahead with various operational initiatives. In particular, the financial services, driven by a new strategic focus and a targeted client approach, achieved growth in interest-earning assets while maintaining a balance between returns and risks, resulting in a year-on-year increase of 4.47% in revenue. Due to changes in the market environment and intensified competition, the contribution from the industrial operation segment decreased for the period.

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Revenue (before taxes and surcharges) from the financial and advisory segment was RMB22.676 billion, accounting for 63.06% of the total revenue (before taxes and surcharges). In particular, interest income contribution from the inclusive finance business amounted to RMB3.541 billion (2024: RMB1.572 billion), representing 9.85% of the total revenue (2024: 4.16%). For details, please refer to the discussion and analysis in item 15 of this section.

For revenue from the industrial operation segment, the industrial operation segment, comprising Horizon Construction Development and Horizon Healthcare, realized a total revenue of RMB13.284 billion, representing a decrease of 17.90% as compared with the previous year. Of which, Horizon Construction Development realized a revenue of RMB9.359 billion, representing a decrease of 19.19% as compared with the previous year; Horizon Healthcare realized a revenue of RMB3.572 billion, representing a decrease of 12.72% as compared with the previous year.

In 2025, the Group's non-interest income accounted for 39.35% of the total revenue (before taxes and surcharges), representing a decrease from 44.09% in the previous year. In particular, revenue from the industrial operation segment accounted for 36.94% (2024: 42.71%) of the total revenue.

3.2.1 Financial Services (Interest Income)

The interest income (before taxes and surcharges) from the financial and advisory segment of the Group increased by 2.95% from RMB21,182,108,000 in 2024 to RMB21,807,366,000 in 2025, accounting for 60.65% of the Group's total revenue (before taxes and surcharges).

The table below sets forth the average balance of interest-earning assets, interest income and average yield for the periods indicated.

	For the year ended 31 December					
	2025			2024		
	Average balance(1)	Interest income(2)	Average yield(3)	Average balance(1)	Interest income(2)	Average yield(3)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest-earning assets	266,437,957	21,807,366	8.18%	262,853,227	21,182,108	8.06%

Notes:

(1) Calculated based on the average balance of interest-earning assets at the beginning, middle and end of the years indicated.

(2) Interest income represents the revenue before taxes and surcharges.

(3) Average yield represents the quotient of interest income divided by the average balance of interest-earning assets.

(4) Interest-earning assets include net financial leasing receivable, entrusted loans, mortgage loans, long-term receivables, factoring receivables and respective interest accrued but not received.

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Analysis according to average balance of interest-earning assets

In 2025, the average balance of interest-earning assets of the Group was RMB266,437,957,000, which maintained a stable increase as compared to RMB262,853,227,000 in 2024. In particular, the inclusive finance business achieved steady growth, and its average balance of interest-earning assets increased from RMB14,561 million in 2024 to RMB22,540 million in 2025, representing an increase of 54.79%.

Analysis according to average yield

In 2025, the average yield of the Group was 8.18%, representing a slight increase from 8.06% as compared to the previous year, which was due to the combination of the following: (i) Traditional finance services maintained a stable scale: in response to a complex business environment, the Group strategically opted for safer and more reliable whitelisted customers. As a result, client tiers and asset quality improved, achieving an effective balance between yield and safety alongside business growth. (ii) Inclusive finance business generated higher marginal yields: characterized by a focus on lower-tier markets, risk diversification and rapid asset turnover, this segment exhibited a higher asset yield in general. As the business model was maturing in 2025 and its share of the portfolio increased, its contribution to driving the Group's overall financial services became increasingly evident.

The table below sets forth the breakdown of interest income (before taxes and surcharges) by region for the periods indicated.

	For the year ended 31 December			
	2025		2024	
	RMB'000	% of total	RMB'000	% of total
Northeast China	**555,273**	**2.55%**	628,711	2.97%
Northern China	**2,322,777**	**10.65%**	2,409,817	11.38%
Eastern China	**10,635,360**	**48.77%**	8,798,711	41.54%
Southern China	**1,314,371**	**6.03%**	1,201,746	5.67%
Central China	**3,559,199**	**16.32%**	3,685,250	17.40%
Northwest China	**1,200,302**	**5.50%**	1,486,761	7.02%
Southwest China	**2,220,084**	**10.18%**	2,971,112	14.02%
Total	**21,807,366**	**100.00%**	21,182,108	100.00%

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3.2.2 Revenue from the Industrial Operation Segment

Revenue from the industrial operation segment (before taxes and surcharges) of the Group decreased by RMB2,896,711,000 from RMB16,180,581,000 in 2024 to RMB13,283,870,000 in 2025, accounting for 36.94% of the total revenue of the Group (before taxes and surcharges).

The table below sets forth the Group's revenue from the industrial operation segment (before taxes and surcharges) by business segment for the periods indicated.

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Revenue from the industrial operation segment	**13,283,870**	**100.00%**	16,180,581	100.00%	-17.90%
Of which:					
Revenue from equipment operation[1]	**9,359,192**	**70.46%**	11,581,062	71.57%	-19.19%
Revenue from hospital operation[2]	**3,571,886**	**26.89%**	4,092,550	25.29%	-12.72%

Notes:

(1) For details of revenue from equipment operation, please refer to the discussion and analysis in item 13 of this section;

(2) For details of revenue from hospital operation, please refer to the discussion and analysis in item 14 of this section.

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3.3 Cost of Sales

In 2025, the cost of sales of the Group decreased by 8.73% from RMB20,734,304,000 in the previous year to RMB18,925,110,000, of which the cost of the financial and advisory segment was RMB8,944,616,000, accounting for 47.26% of the total costs and representing a decrease of 4.82% from RMB9,397,606,000 in the previous year. The cost of the industrial operation segment was RMB9,980,494,000, accounting for 52.74% of the total costs and representing a decrease of 11.96% from RMB11,336,698,000 in the previous year.

The table below sets forth the composition and the change of the Group's cost of sales by business segment for the periods indicated.

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Cost of the finance and advisory segment	**8,944,616**	**47.26%**	9,397,606	45.32%	-4.82%
Cost of the industrial operation segment	**9,980,494**	**52.74%**	11,336,698	54.68%	-11.96%
Cost of equipment operation	**6,892,756**	**36.42%**	7,806,466	37.65%	-11.70%
Cost of hospital operation	**2,904,324**	**15.35%**	3,275,340	15.80%	-11.33%
Others	**183,414**	**0.97%**	254,892	1.23%	-28.04%
Cost of sales	**18,925,110**	**100.00%**	20,734,304	100.00%	-8.73%

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3.3.1 Cost of the Finance and Advisory Segment

The cost of sales of the financial and advisory segment of the Group comprised solely the relevant interest expenses of the interest-bearing bank borrowings and other financing of the Group. The following table sets forth the average balance of the interest-bearing liabilities of the Group, the interest expense of the Group and the average cost rate of the Group for the periods indicated.

	For the year ended 31 December					
	2025			2024		
	Average balance(1)	Interest expense	Average cost rate(2)	Average balance (1)	Interest expense	Average cost rate(2)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest-bearing liabilities	235,792,610	8,944,616	3.79%	231,251,506	9,397,606	4.06%

Notes:

(1) Calculated as the average balance of the interest-bearing liabilities at the beginning, middle and end of the year.

(2) Calculated by dividing interest expense by the average balance of interest-bearing liabilities.

The cost of sales of the financial and advisory segment decreased by RMB452,990,000 from RMB9,397,606,000 in 2024 to RMB8,944,616,000 in 2025. The average cost rate of the Group decreased to 3.79% in 2025 as compared to that in 2024, mainly due to:

(i) the continuation of a moderately accommodative stance in the domestic monetary policy in 2025: leveraging its deep cooperative foundation with banks, the Group actively sought to lower drawdown interest rates, resulting in a significant decline in domestic bank financing costs. New drawdowns from domestic banks led to a 0.18% decrease in the average cost rate as compared to 2024; (ii) the onset of an interest rate reduction cycle in overseas markets: through active communication with foreign banks, new drawdowns from overseas banks resulted in a 0.01% decrease in the average cost rate as compared to 2024; (iii) generally favorable conditions in the domestic bond market in 2025: the Company seized market windows to optimize its issuance structure, broadened investor outreach and reasonably adjusted valuations. It successively completed the issuance of various products such as corporate bonds, medium-term notes, super short-term financial bonds and asset-backed securities, which reduced the average cost rate by 0.06% as compared to 2024; (iv) the reduction in the cost of outstanding liabilities: certain high-cost liabilities previously incurred matured in 2025, leading to a 0.02% decrease in the average cost rate as compared to 2024.

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3.3.2 Cost of the Industrial Operation Segment

The cost of sales of the industrial operation segment of the Group is primarily derived from the cost of equipment operation and the cost of hospital operation, etc. The following table sets forth the cost of the industrial operation segment of the Group by business type for the periods indicated.

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Cost of the industrial operation segment	**9,980,494**	**100.00%**	11,336,698	100.00%	-11.96%
Of which:					
Cost of equipment operation[1]	**6,892,756**	**69.06%**	7,806,466	68.86%	-11.70%
Cost of hospital operation[2]	**2,904,324**	**29.10%**	3,275,340	28.89%	-11.33%

Notes:

(1) For details of the cost of equipment operation, please refer to the discussion and analysis in item 13 of this section;

(2) For details of the cost of hospital operation, please refer to the discussion and analysis in item 14 of this section.

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3.4 Gross Profit

The gross profit of the Group in 2025 decreased by RMB154,947,000 or 0.91% to RMB16,859,905,000 from RMB17,014,852,000 in the previous year. As of 2025 and 2024, the gross profit margin of the Group was 47.11% and 45.07%, respectively.

3.4.1 Gross Profit of the Financial and Advisory Segment

The gross profit margin of the financial and advisory segment was affected by the changes in net interest income and net interest margin. The following table sets forth the interest income, interest expense, net interest income, net interest spread and net interest margin of the Group for the periods indicated.

	For the year ended 31 December		
	2025	2024	
	RMB'000	RMB'000	Change %
Interest income[1]	**21,807,366**	21,182,108	2.95%
Interest expense[2]	**8,944,616**	9,397,606	-4.82%
Net interest income	**12,862,750**	11,784,502	9.15%
Average yield of interest-earning assets	**8.18%**	8.06%	0.12%
Average cost rate of interest-bearing liabilities	**3.79%**	4.06%	-0.27%
Net interest spread[3]	**4.39%**	4.00%	0.39%
Net interest margin[4]	**4.83%**	4.48%	0.35%

Notes:

(1) Interest income refers to the interest income of the financial segment of the Group.

(2) Interest expense refers to the borrowing cost of the financial segment of the Group.

(3) Calculated as the difference between the average yield and the average cost rate. The average yield is calculated by dividing interest income by the average balance of interest-earning assets. The average cost rate is calculated by dividing interest expense by the average balance of the interest – bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of interest-earning assets.

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Net interest spread of the Group in 2025 increased by 39 basis points to 4.39% as compared with the previous year, which was mainly due to an increase in the average yield of interest-earning assets coupled with a decline in the average cost of interest-bearing liabilities. Looking back, the net interest spread of the Group remained relatively stable at around 4% over the past three years, demonstrating the comprehensive control capabilities of the Group in managing both assets and liabilities.

In 2025, under the Group's strategy of prudent operation and risk control, the net interest income of financial services increased by 9.15%, while the average balance of interest-earning assets remained stable, and thus the net interest margin improved.

3.4.2 Gross Profit of the Industrial Operation Segment

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Gross profit of the industrial operation segment	**3,303,376**	**100.00%**	4,843,883	100.00%	-31.80%
Of which:					
Gross profit of equipment operation[(1)]	**2,466,436**	**74.66%**	3,774,596	77.93%	-34.66%
Gross profit margin of equipment operation	**26.35%**		32.59%		-6.24%
Gross profit of hospital operation[(2)]	**667,562**	**20.21%**	817,210	16.87%	-18.31%
Gross profit margin of hospital operation	**18.69%**		19.97%		-1.28%

Notes:

(1) For details of gross profit of equipment operation, please refer to the discussion and analysis in item 13 of this section;

(2) For details of gross profit of hospital operation, please refer to the discussion and analysis in item 14 of this section.

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3.5 Other Income/Gains

The following table sets forth a breakdown of other income/gains of the Group for the periods indicated:

	For the year ended 31 December		
	2025	2024	
	RMB'000	RMB'000	Change %
Income from the holdings of off-balance-sheet assets(1)	42,321	128,599	-67.09%
Bank interest income	155,499	134,206	15.87%
Gains from structured financial products	20,785	41,081	-49.40%
Government grants(2)	203,610	262,595	-22.46%
Equity and debt investment income(3)	1,084,933	575,111	88.65%
Of which: financial investments related to private equity funds	560,909	(81,247)	N/A
Other income(4)	179,077	473,890	-62.21%
Total	1,686,225	1,615,482	4.38%

Notes:

(1) For the holdings of off-balance-sheet assets of the Group, the income of the year was recognized according to the expected yield and expected loss rate of such holdings. For the changes in respect of the off-balance-sheet assets of the Group, please refer to the discussion and analysis in item 4.3 of this section.

(2) The Group's government grants for the period mainly consisted of business operation incentives for Horizon Construction Development of approximately RMB140 million.

(3) The Group's equity and debt investment income was mainly gain on change in fair value of and transfer of equity and debt investment. In particular, the gain from the change in fair value of infrastructure investment projects amounted to RMB340 million (2024: RMB390 million).

(4) The Group's other income for the period mainly consisted of foreign exchange gains of RMB20 million and gains from the disposal of fixed assets of RMB100 million.

MANAGEMENT DISCUSSION AND ANALYSIS

3.6 Selling and Administrative Expenses

Selling and administrative expenses of the Group in 2025 remained largely stable at RMB8,242,515,000, representing a decrease of RMB91,329,000 or 1.10% from the previous year. Selling and administrative expenses in relation to financial services recorded a year-on-year increase of RMB45,531,000, mainly due to the increase in labor and travelling costs as the Group put greater efforts into market expansion. Selling and administrative expenses in relation to industrial operation recorded a year-on-year decrease of RMB136,860,000, mainly due to the decrease of RMB193,756,000 in the equipment operation segment.

The cost to income ratio of the Group in 2025 remained steady at 48.89% as compared to 48.98% in the previous year. The cost to income ratio of finance services was 44.32%, representing a decrease from 49.22% in 2024, mainly due to the increase in gross profit and a significant improvement in operating efficiency. The cost to income ratio of industrial operation increased, mainly due to the decrease in profits generated from the equipment operation segment and an increase of the cost to income ratio to 67.81% for the year from 49.44% in 2024.

3.7 Other Expenses and Losses

Other expenses and losses of the Group in 2025 amounted to RMB134,091,000, representing an increase of 94.88% as compared to RMB68,806,000 in the previous year, which was mainly due to the increase in incidental expenses such as donations.

3.8 Finance Costs

Finance costs of the Group in 2025 amounted to RMB1,214,168,000, representing an increase of 0.10% as compared to RMB1,213,009,000 in the previous year. The finance costs were mainly financing-related costs for the Group’s industrial operation segment and infrastructure investment projects.

3.9 Pre-provision Operating Profit

Pre-provision operating profit of the Group in 2025 amounted to RMB9,338,164,000, representing an increase of RMB62,577,000 or 0.67% as compared with the previous year. As a result of the changes in market conditions and intensification of competition, the pre-provision operating profit of the industrial operation segment decreased. In particular, the pre-provision operating profit of Horizon Construction Development amounted to RMB150,452,000, representing a decrease of RMB1,170,538,000 as compared to the previous year.

The Group will continue to proactively adopt prudent and stable development strategies. It is expected that with the gradual stabilization of the external market environment in the future, the gradual expansion of the size of industrial operation, and the improvement in internal operating efficiency, the pre-provision operating profit of the Group will maintain steady growth.

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3.10 Provision for Assets

The following table sets forth a breakdown of the provision for assets of the Group for the periods indicated:

	For the year ended 31 December				
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Provision for interest-earning assets of the traditional business[1]	**151,343**	**11.59%**	853,242	68.04%	-82.26%
Reversal of interest-earning assets after write-off for the traditional business[1]	**(497,789)**	**-38.12%**	(426,766)	-34.03%	16.64%
Write-off losses on interest-earning assets of the inclusive business[1]	**1,043,562**	**79.92%**	412,679	32.90%	152.87%
Reversal of interest-earning assets after write-off for the inclusive business[1]	**(84,010)**	**-6.43%**	(17,049)	-1.36%	392.76%
Other provisions for interest-earning assets of the inclusive business[1]	**209,269**	**16.03%**	(45,003)	-3.59%	N/A
Provision for accounts receivable[2]	**130,614**	**10.00%**	274,463	21.88%	-52.41%
Provision for other receivables[2]	**(16,710)**	**-1.28%**	50,620	4.04%	N/A
Provision for fixed assets	**66,002**	**5.05%**	1	0.00%	N/A
Provision for investment in joint ventures/associates	**365,211**	**27.97%**	194,875	15.54%	87.41%
Provision for credit commitments[3]	**(25,735)**	**-1.97%**	(48,275)	-3.85%	-46.69%
Other provisions	**(35,963)**	**-2.76%**	5,437	0.43%	N/A
Total	**1,305,794**	**100.00%**	1,254,224	100.00%	4.11%

Notes:

(1) In view of the stable sizes of interest-earning assets and non-performing assets, the Group continued to adopt a prudent approach in making provision for assets in 2025. For financial services, provision and reversal of bad debts after write-off for the traditional financial business amounted to RMB151,343,000 and RMB497,789,000, respectively. As reversal of bad debts after write-off represented the deduction of provision, this resulted in an overall reversal of provision for the traditional financial business of RMB346,446,000, representing a decrease of RMB772,922,000 as compared with the previous year. To prevent the accumulation or deferral of bad debts in the financial operations of the inclusive finance business, the Group adopted a more prudent write-off policy that was better aligned with current business development to write off projects upon 30+ days overdue, resulting in write-off losses of RMB1,043,562,000, representing an increase of RMB630,883,000 as compared with the previous year. In addition, reversal of bad debts after write-off for the inclusive finance business amounted to RMB84,010,000, representing an increase of RMB66,961,000 as compared with the previous year. Furthermore, as the business model of the inclusive finance business was maturing, the balance of pass and special mention assets grew steadily, with corresponding provision of RMB209,269,000, representing an increase of RMB254,272,000 as compared with the previous year.

(2) Provision for accounts receivable and other receivables is mainly the expected credit loss of the relevant receivables made by the Group for equipment operation and hospital operation. In particular, the equipment operation segment began implementing a customer classification management system during the period, which supplemented and optimized the blacklisted customer management system accordingly. During the period, certain customers with normal payment collection within one year, better qualifications and classified as high grade were removed from the blacklist to better maintain customer relationships and conduct normal business cooperation, resulting in the decrease in provision as compared with the previous year.

(3) Provision for credit commitments is mainly the expected credit loss of the Group's interest-earning assets that have been contracted but not yet placed.

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3.11 Income Tax Expense

Income tax expense of the Group in 2025 was RMB4,037,011,000, representing an increase of RMB534,885,000 or 15.27% from the previous year. The effective income tax rate of the Group for 2025 increased to 50.3% from the previous year, mainly due to the increase in the income tax paid on the Group's cross-border dividends.

The following table sets forth a breakdown of the income tax rate of the Group for the periods indicated:

	For the year ended 31 December		
	2025	2024	Change %
Domestic statutory tax rate	**25.0%**	25.0%	–
Cross-border business withholding tax[1]	**11.2%**	4.6%	6.60%
Of which: income tax actually paid on cross-border dividends	**9.9%**	4.1%	5.80%
Others	**14.1%**	14.1%	–
Total	**50.3%**	43.7%	6.60%

Note:

(1) Cross-border business withholding tax is mainly the relevant withholding income tax burden arising from dividend distribution to overseas companies by domestic companies of the Group based on regulatory requirements and the Group's overseas capital needs.

MANAGEMENT DISCUSSION AND ANALYSIS

3.12 Profit for the Period Attributable to Holders of Ordinary Shares of the Company

Based on the above discussion and analysis, profit for the year attributable to holders of ordinary shares of the Company was RMB3,888,519,000, which increased by RMB26,058,000 or 0.67% from the previous year.

3.13 Basic Earnings per Share

Basic earnings per share for the current year amounted to RMB0.87, representing a decrease of RMB0.05 or 5.03% from the previous year.

	For the year ended 31 December		
	2025	2024	Change %
Profit for the year attributable to holders of ordinary shares of the Company (RMB'000)	**3,888,519**	3,862,461	0.67%
Weighted average number of ordinary shares outstanding during the year (share)	**4,471,521,013**	4,217,939,930	6.01%
Basic earnings per share (RMB)	**0.87**	0.92	-5.03%

In 2025, following the full conversion of the convertible bonds issued in July 2020, the Company's total issued shares increased by approximately 430 million shares. As a result of the increase in the number of ordinary shares of the Company, the Group's basic earnings per share for 2025 decreased as compared to the previous year.

It is expected that the Group will maintain the safe and steady development of the traditional financial business in the future and achieve robust growth in the inclusive finance business and industrial operation by following economic development trends and enriching its services, which will lead to a steady increase in the Group's return on average equity.

4. ANALYSIS OF FINANCIAL POSITION

4.1 Assets (Overview)

As at 31 December 2025, the total assets of the Group increased by RMB10,571,369,000 or 2.93% from the end of the previous year to RMB370,961,369,000. Net interest-earning assets increased by RMB11,405,496,000 or 4.38% from the end of the previous year to RMB272,046,827,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the analysis of the assets as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Loans and accounts receivable	**273,519,543**	**73.73%**	260,648,717	72.32%	4.94%
Of which: interest-earning assets	**264,313,474**	**71.25%**	251,601,912	69.81%	5.05%
Cash and cash equivalents	**21,375,169**	**5.76%**	19,786,521	5.49%	8.03%
Restricted deposits	**10,439,383**	**2.81%**	10,708,516	2.97%	-2.51%
Holding of asset-backed securities/notes	**–**	**–**	140,240	0.04%	-100.00%
Assets with continuing involvement	**–**	**–**	140,240	0.04%	-100.00%
Prepayment and other accounts receivable	**4,191,536**	**1.13%**	5,154,740	1.43%	-18.69%
Deferred income tax assets	**6,232,591**	**1.68%**	6,051,263	1.68%	3.00%
Property, plant and equipment	**25,596,257**	**6.90%**	26,547,204	7.37%	-3.58%
Investment in joint ventures/associates	**10,178,764**	**2.74%**	8,603,000	2.39%	18.32%
Financial assets at fair value through profit or loss	**14,193,789**	**3.83%**	15,759,270	4.37%	-9.93%
Of which: interest-earning assets	**1,377,671**	**0.37%**	2,683,979	0.74%	-48.67%
Financial assets at fair value through other comprehensive income	**260,855**	**0.07%**	453,246	0.13%	-42.45%
Derivative financial instruments	**320,608**	**0.09%**	1,756,740	0.49%	-81.75%
Inventories	**597,726**	**0.16%**	476,752	0.13%	25.37%
Contract assets	**660,263**	**0.18%**	753,848	0.21%	-12.41%
Goodwill	**368,716**	**0.10%**	194,737	0.05%	89.34%
Right-of-use assets	**2,300,196**	**0.62%**	2,403,192	0.67%	-4.29%
Investment property	**9,829**	**0.00%**	100,177	0.03%	-90.19%
Other assets	**716,144**	**0.20%**	711,597	0.19%	0.64%
Total assets	**370,961,369**	**100.00%**	360,390,000	100.00%	2.93%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the analysis of the assets by business nature as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
1) Financial services					
Interest-earning assets	265,691,145	71.62%	254,285,891	70.56%	4.49%
Of which: inclusive finance	27,725,183	7.47%	17,003,156	4.72%	63.06%
2) Industrial operation					
Equipment operation segment	36,368,347	9.80%	36,434,181	10.11%	-0.18%
Hospital operation segment	6,208,472	1.67%	6,550,250	1.82%	-5.22%
3) Other public assets of the Group (excluding industrial operation)					
Cash and cash equivalents	19,673,317	5.30%	17,894,593	4.97%	9.94%
Restricted deposits	10,333,142	2.79%	10,698,598	2.97%	-3.42%
Infrastructure investment projects	7,110,644	1.92%	7,662,040	2.13%	-7.20%
Deferred income tax assets	5,740,304	1.55%	5,581,245	1.55%	2.85%
Property, plant and equipment and right-of-use assets	1,737,371	0.47%	1,771,814	0.49%	-1.94%
Investment in investees, associates and joint ventures[1]	15,060,943	4.06%	11,852,510	3.29%	27.07%
Derivative financial instruments, such as interest rate and foreign exchange swaps	320,608	0.09%	1,756,740	0.49%	-81.75%
Other assets[2]	2,717,076	0.73%	5,902,138	1.62%	-53.96%
Total assets	370,961,369	100.00%	360,390,000	100.00%	2.93%

Note 1: Investment in investees, associates and joint ventures primarily includes equity investment in funds and provincial asset management companies, among others, made by the Group to enhance its comprehensive financial service capabilities.

Note 2: Other assets mainly include goodwill and other miscellaneous assets.

MANAGEMENT DISCUSSION AND ANALYSIS

4.2 Interest-earning Assets

The main component of the Group's assets was interest-earning assets, which accounted for 71.62% of the Group's total assets as at 31 December 2025. In 2025, the Group dynamically adjusted the development strategies of each industry sector in accordance with the environment and industry patterns. While cultivating the market in depth, it also strengthened risk management and control in a prudent manner, and strengthened the risk identification of sub-sectors and customer qualifications. Under the premise of asset safety, the Group steadily promoted the expansion of financial services to maintain its interest-earning assets at a stable size.

The following table sets forth the analysis of interest-earning assets as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets					
Included in loans and accounts receivable	270,657,286	99.49%	257,923,977	98.96%	4.94%
Included in financial assets at fair value through profit or loss	1,389,541	0.51%	2,717,354	1.04%	-48.86%
Total net interest-earning assets	272,046,827	100.00%	260,641,331	100.00%	4.38%
Provision for loans and accounts receivables	(6,343,812)		(6,322,065)		0.34%
Provision for financial assets at fair value through profit or loss	(11,870)		(33,375)		-64.43%
Less: total provision for interest-earning assets	(6,355,682)		(6,355,440)		0.00%
Net interest-earning assets	265,691,145		254,285,891		4.49%

4.2.1 Loans and Accounts Receivable

The following table sets forth the analysis of loans and accounts receivable as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets included in loans and accounts receivable	264,313,474	96.63%	251,601,912	96.53%	5.05%
Others(1)	9,206,069	3.37%	9,046,805	3.47%	1.76%
Net loans and accounts receivable	273,519,543	100.00%	260,648,717	100.00%	4.94%

Note:

(1) Others included notes receivable and accounts receivable related to industrial operation.

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4.2.2 Net Interest-earning Assets by Industry

The following table sets forth net interest-earning assets of the Group by industry as of the dates indicated[1].

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Healthcare	14,091,124	5.18%	17,135,261	6.57%	-17.77%
Culture & tourism	35,700,324	13.12%	30,883,568	11.85%	15.60%
Engineering construction	39,830,213	14.64%	37,625,877	14.44%	5.86%
Machinery manufacturing	21,956,976	8.07%	16,316,344	6.26%	34.57%
Chemical & medicine	17,605,462	6.47%	14,784,848	5.67%	19.08%
Electronic information	10,855,200	3.99%	9,996,224	3.84%	8.59%
Public consuming	29,444,805	10.82%	26,035,387	9.99%	13.10%
Transportation & logistics	21,365,177	7.85%	19,788,025	7.59%	7.97%
Urban public utility	81,197,546	29.86%	88,075,797	33.79%	-7.81%
Total	272,046,827	100.00%	260,641,331	100.00%	4.38%

Notes:

(1) Interest-earning assets for culture & tourism, machinery manufacturing, chemical & medicine, public consuming and other industries among the target industries of the Group maintained faster growth in 2025, which was attributable to (i) the Group's business expansion and in-depth exploration of their respective industries, expanding the customer base in the above industries and increasing the introduction of high-quality customers in the above industries; (ii) the Group's adaptation to the changes in the macro-economy and the trend of the industrial environment and adjustments to the layout of key industries; and (iii) the Group's continuous maintenance of quality industries and customers and exploration of their needs for financial services.

(2) As at 31 December 2025, the interest-earning assets of urban public utility were further divided into sub-sectors, including public transportation infrastructure, water, electricity, gas and other operational services, urban environmental governance, energy-saving and carbon-reduction projects, smart city upgrading and transformation, emerging industry facilities and operation services, and other industries.

(3) As at 31 December 2025, the net interest-earning assets of the Group's inclusive finance business amounted to RMB28,179 million, which maintained stable growth as compared to RMB17,248 million as at 31 December 2024. For the details of the inclusive finance business, please refer to the discussion and analysis in item 15 of this section.

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4.2.3 Net Interest-earning Assets by Region

The table below sets forth the net interest-earning assets of the Group by region as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Northeast China	5,566,886	2.05%	6,111,443	2.34%
Northern China	27,582,444	10.14%	28,093,522	10.78%
Eastern China	136,434,383	50.15%	120,034,593	46.05%
Southern China	19,275,152	7.09%	15,132,328	5.81%
Central China	42,113,588	15.48%	41,100,816	15.77%
Northwest China	12,177,399	4.48%	16,387,159	6.29%
Southwest China	28,896,975	10.61%	33,781,470	12.96%
Total	272,046,827	100.00%	260,641,331	100.00%

The table below sets forth the net interest-earning assets of the urban public utility industry by region as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Northeast China	424,477	0.52%	579,734	0.66%
Northern China	6,319,335	7.78%	7,712,993	8.76%
Eastern China	42,926,056	52.87%	41,482,363	47.10%
Southern China	4,340,723	5.35%	3,667,008	4.16%
Central China	12,919,992	15.91%	13,095,154	14.87%
Northwest China	3,555,910	4.38%	5,556,056	6.31%
Southwest China	10,711,053	13.19%	15,982,489	18.14%
Total	81,197,546	100.00%	88,075,797	100.00%

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4.2.4 Aging Analysis of Net Interest-earning Assets

The following table sets forth an aging analysis of net interest-earning assets as of the dates indicated, categorized by the time elapsed since the effective date of the relevant leases, entrusted loans, mortgage loans, credit assignment and factoring contracts.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets					
Within 1 year	181,199,396	66.61%	169,539,104	65.05%	6.88%
1 to 2 years	65,973,235	24.25%	55,240,004	21.19%	19.43%
2 to 3 years	15,000,594	5.51%	23,088,664	8.86%	-35.03%
3 years and beyond	9,873,602	3.63%	12,773,559	4.90%	-22.70%
Total	272,046,827	100.00%	260,641,331	100.00%	4.38%

Net interests-earning assets within one year represented net interest-earning assets that become effective within one year from the reporting date indicated, and were still valid as at the end of the year or the end of the period. As at 31 December 2025, net interest-earning assets within one year, as set out in the table above, represented 66.61% of net interest-earning assets of the Group, which increased as compared to the end of the previous year, indicating that the Group still maintained steady flows of interest-earning assets.

4.2.5 Maturity Profile of Net Interest-earning Assets

The following table sets forth the maturity profile of the net interest-earning assets as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Maturity date					
Within 1 year	154,494,031	56.79%	151,621,015	58.17%	1.89%
1 to 2 years	83,031,995	30.52%	76,577,311	29.38%	8.43%
2 to 3 years	29,861,432	10.98%	27,410,804	10.52%	8.94%
3 years and beyond	4,659,369	1.71%	5,032,201	1.93%	-7.41%
Total	272,046,827	100.00%	260,641,331	100.00%	4.38%

MANAGEMENT DISCUSSION AND ANALYSIS

Net interest-earning assets due within one year represent net interest-earning assets that the Group will receive within one year of the reporting date indicated. As at 31 December 2025, the proportion of net interest-earning assets due within 1 year decreased and the proportion of those due in more than 1 year increased among net interest-earning assets due within the respective periods as set forth in the table above, which was mainly due to the fact that the Group moderately increased asset duration of projects of high quality customers during the year to obtain sustained and stable cash inflows.

4.2.6 Asset Quality of Net Interest-earning Assets

4.2.6.1 Five-category Classification of Net Interest-earning Assets

The Group implements a five-category classification of interest-earning assets that accurately reveals the asset risk profile and confirms the quality of assets primarily by obtaining information on the qualification of stock assets. On such basis, we have deployed management resources and efforts in a focused manner to effectively implement measures on category management, and have strengthened risk anticipation and the relevance of risk prevention to improve the ability to control asset risks. In particular, since its establishment, the inclusive finance business has consistently focused on serving the lower-tier long-tail market, and its business model has matured. After reviewing the asset performance of the inclusive finance business over several years, the Group determined that while the inclusive finance business offered relatively higher yields compared to the traditional financial business, the existing customer base also exhibited a risk profile characterized by higher default rates. To present a more accurate picture of the operating results of the inclusive finance business, continuously solidify asset quality, and prevent the accumulation or deferral of bad debt risks, the Group adopted a more prudent write-off policy that is better aligned with current business development to write off projects upon 30+ days overdue. The adoption of this policy resulted in a significant increase in write-off losses for the inclusive finance business during the year. However, with the steady growth of the business, risk diversification across geographies and industries, and further enhancements to its risk control and operating systems, the inclusive finance business is well-positioned to achieve an optimal balance between return and risk.

Classification criteria

In determining the classification of the interest-earning assets portfolio, the Group applies a series of criteria that are derived from its own internal regulations regarding the management of lease assets. These criteria are designed to assess the possibility of repayment by the borrower and the collectability of principal and interest on our interest-earning assets. The interest-earning assets classification criteria focus on a number of factors, if applicable. The asset classifications of the Group include:

Pass. There is no reason to doubt that the loan principal and interest will not be paid by the debtor in full and/or on a timely basis. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.

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Special mention. Even though the debtor has been able to pay its payments in a timely manner, there are still factors that could adversely affect its ability to pay, which are related to changes in the economic, policy and industrial environment, the structure of the debtor's property rights and the debtor's management mechanisms, organizational framework and management personnel adjustments, operating capabilities, material investments and credit size and conditions, as well as the effects of changes in the value of core assets on the debtor's ability to repay; while taking into consideration the effects of subjective factors, including any change in the debtor's willingness to repay, on the quality of assets, such as if payments have been overdue for 30 days or more, then the interest-earning assets for this contract shall be classified as special mention or lower.

Substandard. The debtor's ability to pay is in question as it is unable to make its payments in full with its operating revenues, and we are likely to incur losses notwithstanding the enforcement of any guarantees underlying the contract. The Group takes into account other factors, for example, if lease payments have been overdue for over three months, then the interest-earning assets for this contract shall be classified as substandard or lower.

Doubtful. The debtor's ability to pay is in question as it is unable to make payments in full and/or on a timely basis with its operating revenues and we are likely to incur significant losses notwithstanding the enforcement of any guarantees underlying the contract. The Group takes into account other factors, for example, if payments have been overdue for over six months, the interest-earning assets for this contract shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, payments remain overdue, or only a very limited portion has been recovered.

Asset management measures

In 2025, in response to a complex and volatile external environment alongside deepening market adjustments, the Group adhered to a prudent and steady development philosophy, focused on strengthening its comprehensive risk control system, and promoted the iterative innovation of its risk management models. By deeply leveraging financial technology, the Group continued to enhance the effectiveness of technological monitoring over asset safety. It utilized digital tools to enhance the closed-loop control mechanism for risk information, steadily raising the level of professionalism and refinement in asset risk management. During the reporting period, the Group's asset quality remained stable. Relying on a forward-looking risk warning system and a comprehensive control mechanism, the Group deepened the "human-machine co-governance" warning model. By continuously expanding diversified paths for asset disposal and efficiently resolving potential risks, the Group constructed a solid and reliable safety barrier for its sustained and steady operation.

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Building an end-to-end asset control system to enhance the effectiveness of customer risk management and control

In 2025, the Group concentrated on upgrading the customer monitoring and management system. By adopting a combined monitoring strategy of "routine monitoring + special inspection", the Group promoted risk prevention and control efforts towards greater refinement and practical implementation. The Group precisely targeted core risk points and adhered to principles of prudent judgment to effectively identify and dynamically track risk trends. The Group remained highly sensitive to industry fluctuations, conducting real-time tracking and dynamic monitoring throughout the entire project lifecycle. Simultaneously, the Group continued to improve the mechanism for transferring assets at risk, breaking down collaboration barriers between the customer monitoring team and the asset disposal team. By clarifying standards and timeliness requirements for asset transfers, the Group established a closed-loop end-to-end management system of "inspection-identification-transfer-disposal". This significantly improved the quality and efficiency of risk disposal, continuously reinforced its core capabilities in customer monitoring and asset disposal, thereby laying a solid risk control foundation for the steady performance of the Group's asset quality.

Deepening technology empowerment and system upgrades to enhance asset management efficiency

In the course of digital transformation, the Group had vigorously advanced the "human-machine co-governance" model for early warning monitoring and solidified its technological foundation by actively applying cutting-edge technologies, such as AI and big data, to build a comprehensive dynamic monitoring and intelligent early warning alert system with full efforts. This system consolidated diverse internal and external data, including asset transactions, customer credit, market dynamics, and public opinions, and precisely screened and identified risk information using AI-driven preliminary reviews, thereby enhancing the effectiveness of its early warning alerts. Furthermore, through data analysis and modeling, the Group had established a comprehensive and highly precise risk assessment system. Intelligent algorithms enabled the creation of accurate customer risk profiles, which effectively improved asset risk prevention and control, building a robust digital safeguard for asset safety.

Expanding diversified pathways for asset disposal to strengthen end-to-end asset management capabilities

With resource integration as its core strength, the Group had relied on the accumulated industrial resources of Far East and its own resource endowments to continuously enrich its asset disposal methods. The Group constructed a framework where diversified disposal means work in synergy and complement one another, effectively building a safety barrier for its asset structure and mitigating the impact of various risks. In practice, the Group efficiently promoted the market-oriented disposal of leased assets, collateral and pledged assets while actively utilizing diversified models such as debt transfers and debt-to-equity swaps. By optimizing asset disposal logic through the perspective of separating assets from debts, and leveraging multi-dimensional disposal means, the Group had continuously broadened the pathways for asset monetization and improved the efficiency of asset realization.

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The following table sets forth the five-category classification of interest-earning assets as of the dates indicated.

	31 December 2025		31 December 2024		31 December 2023		31 December 2022	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Pass	**254,297,592**	**93.47%**	243,298,013	93.35%	250,225,686	92.99%	248,827,143	91.95%
Special mention	**14,959,413**	**5.50%**	14,553,198	5.58%	16,066,847	5.97%	18,942,410	7.00%
Substandard	**1,158,147**	**0.43%**	1,091,725	0.42%	1,484,565	0.55%	1,410,969	0.52%
Doubtful	**1,631,675**	**0.60%**	1,698,395	0.65%	1,307,641	0.49%	1,420,368	0.53%
Loss	**–**	**–**	–	–	–	–	–	–
Net interest-earning assets	**272,046,827**	**100.00%**	260,641,331	100.00%	269,084,739	100.00%	270,600,890	100.00%
Non-performing assets	**2,789,822**		2,790,120		2,792,206		2,831,337	
Non-performing asset ratio	**1.03%**		1.07%		1.04%		1.05%	

The Group has established a prudent asset quality control policy and adhered to a stringent and conservative asset classification policy. As at 31 December 2025, the Group's assets under special mention accounted for 5.50% of its net interest-earning assets, representing a decrease of 0.08 percentage points from 5.58% at the end of 2024. During the reporting period, the quality of assets continued to be further optimized.

The assets under special mention in the urban public utility industry accounted for 24.45% of the total assets under special mention. The proportion of assets under special mention in the segment was 4.51%, which was slightly lower than the proportion of the overall assets under special mention of the Company, maintaining stable performance as a whole. The segment is characterized by both public welfare attributes and operational rigidity, underpinned by core strengths such as stable operations and inelastic demand, resulting in solid fundamental development in the industry. However, influenced by industry-specific factors such as cost-side pricing controls and government policy, some customers encountered slightly constrained operating cash flows due to elevated operational costs despite currently meeting their repayment obligations, which in turn introduced potential uncertainty to their solvency. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as assets under special mention.

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The assets under special mention in the cultural & tourism industry accounted for 17.78% of the total assets under special mention. The proportion of assets under special mention in the segment was 7.45%, which was higher than the proportion of the overall assets under special mention of the Company but lower than the proportion of the assets under special mention in the segment for the previous year. The segment demonstrated strong resilience and ample development potential in general, with a clear long-term positive trend in operations. However, due to the nature of substantial project investments and long return cycles, some customers encountered pressure on short-term cash flow caused by business cycles, leading to potential fluctuations in repayment capability. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as assets under special mention.

The assets under special mention in the healthcare industry accounted for 13.21% of the total assets under special mention. The proportion of assets under special mention in the segment was 14.03%, which was higher than the proportion of the overall assets under special mention of the Company. Driven by accelerated population aging, consumption upgrades in healthcare, and continuous policy support, the segment has witnessed emerging innovative technologies, leading to sustained ecosystem expansion and promising development prospects. However, the segment was also technology-intensive and sensitive to policy changes. Compounded by factors such as the normalization of centralized procurement and long settlement cycles for medical insurance, some enterprises encountered compressed profit margins and slow recovery of accounts receivable. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as assets under special mention.

The assets under special mention in the engineering construction industry accounted for 11.26% of the total assets under special mention. The proportion of assets under special mention in the segment was 4.23%, which was lower than the proportion of the overall assets under special mention of the Company. As a key pillar of the national economy, the segment benefited from solid long-term growth fundamentals in the industry, supported by the implementation of major national initiatives such as new infrastructure and livelihood projects. However, due to long project cycles, substantial capital requirements and complex payment chains, coupled with factors such as the timing of project settlements and capital transmission across the supply chain, some enterprises encountered pressure on short-term liquidity. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as assets under special mention.

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The following table sets forth the analysis of the Group's assets under special mention by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	**1,976,746**	**13.21%**	1,947,346	13.38%
Culture & tourism	**2,659,871**	**17.78%**	2,469,198	16.97%
Engineering construction	**1,683,702**	**11.26%**	1,709,770	11.75%
Machinery manufacturing	**1,098,469**	**7.34%**	596,070	4.10%
Chemical & medicine	**1,079,477**	**7.22%**	389,683	2.68%
Electronic information	**744,490**	**4.98%**	659,570	4.53%
Public consuming	**1,383,159**	**9.25%**	574,950	3.95%
Transportation & logistics	**674,639**	**4.51%**	760,853	5.23%
Urban public utility	**3,658,860**	**24.45%**	5,445,758	37.41%
Total	**14,959,413**	**100.00%**	14,553,198	100.00%

Through prudent asset classification and prudent monitoring and management of assets under special mention, the migration from assets under special mention to non-performing assets of the Group was at a low level.

The following table sets forth the migration of the Group's assets under special mention as of the dates indicated.

	31 December 2025	31 December 2024	31 December 2023	31 December 2022
	% of total	% of total	% of total	% of total
Pass	**0.18%**	0.01%	0.00%	0.07%
Special mention	**31.80%**	31.09%	46.28%	51.64%
Substandard	**5.51%**	6.75%	5.37%	4.98%
Doubtful	**4.37%**	7.99%	1.42%	2.35%
Loss	**2.59%**	3.09%	5.58%	3.69%
Recovery	**55.55%**	51.07%	41.35%	37.27%
Total	**100.00%**	100.00%	100.00%	100.00%

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As at 31 December 2025, the size of non-performing assets was RMB2,790 million, which remained stable as compared with the end of the previous year, and the non-performing asset ratio was 1.03%, which slightly decreased as compared with the end of the previous year. The overall asset quality remained safe and under control. For the non-performing assets of the inclusive finance business of the Group, please refer to the discussion and analysis in item 15 of this section.

The non-performing assets of the urban public utility industry accounted for 58.78% of the total non – performing assets. The proportion of non-performing assets in the segment was 2.02%. The overall size of the segment declined as compared with the previous year, while the size of non-performing assets slightly increased as compared with the previous year. Due to pressure on regional fiscal balances and a significant slowdown in fiscal fund disbursement, the collection of receivables for construction and subsidies had been persistently overdue, with recovery amounts falling short of expectations. Compounded by the industry's inherent characteristics of large investment scale, low asset turnover efficiency, and rigidly high operation and maintenance costs, some enterprises in the segment encountered shrinking operating cash flows and strained capital chains, leading to defaults. However, given the stable overall asset quality, the Group prudently classified assets in this segment as substandard and doubtful assets.

The non-performing assets of the healthcare industry accounted for 12.97% of the total non-performing assets. The proportion of non-performing assets in the segment was 2.57%. The non-performing asset ratio of the segment slightly increased as compared to the previous year. Despite the fact that the overall asset quality of the segment did not significantly deteriorate and customers had stable operations in general, the industry had been affected by extended reimbursement cycles for medical insurance and lagging payment collections. Furthermore, following the normalization of centralized procurement for medicines and consumables, profit margins for some enterprises in the segment had been continuously compressed. This led to a decline in solvency and an inability to repay principal and interest on schedule. Accordingly, the Group prudently classified assets in the segment as substandard and doubtful assets.

The non-performing assets of the culture & tourism industry accounted for 5.68% of the total non – performing assets. The proportion of non-performing assets in the segment was 0.44%. The non-performing assets ratio in the segment decreased as compared to the previous year. Due to factors such as the uneven pace of market recovery, divergence in regional visitor flows and a decline in consumer willingness, revenue for some customers in the segment fell short of expectations. Additionally, significant upfront capital was invested in fixed assets like scenic spot development and venue construction. Given the long asset turnover cycles and weak liquidity, funding gaps had widened, triggering default risks. Based on prudent considerations, the Group classified assets in the segment as substandard and doubtful assets.

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The non-performing assets of the chemical & medicine industry accounted for 5.14% of the total non-performing assets. The proportion of non-performing assets in the segment was 0.81%, which was higher than the proportion of non-performing assets as compared with the previous year. The chemical products market was undergoing a dynamic supply-demand realignment amid global trade tensions. Some enterprises failed to promptly optimize their procurement and sales strategies, resulting in lower inventory turnover efficiency and a backlog of inventory. Furthermore, affected by sharp fluctuations in raw material prices and rising environmental compliance costs, production costs remained high and profit margins were severely squeezed. This led to temporary debt payment delays and cash flow constraints. Based on prudent considerations, the Group classified assets in the segment as substandard and doubtful assets.

The following table sets forth the analysis of the Group's non-performing assets by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	361,859	12.97%	416,386	14.92%
Culture & tourism	158,402	5.68%	331,883	11.89%
Engineering construction	110,938	3.98%	162,488	5.82%
Machinery manufacturing	109,138	3.91%	81,444	2.92%
Chemical & medicine	143,320	5.14%	7,065	0.25%
Electronic information	140,549	5.04%	59,038	2.12%
Public consuming	63,413	2.27%	32,545	1.17%
Transportation & logistics	62,108	2.23%	339,798	12.18%
Urban public utility	1,640,095	58.78%	1,359,473	48.73%
Total	2,789,822	100.00%	2,790,120	100.00%

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The following table sets forth the analysis of the Group's substandard assets by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	284,346	24.55%	206,125	18.88%
Culture & tourism	129,432	11.18%	213,625	19.57%
Engineering construction	110,938	9.58%	139,891	12.81%
Machinery manufacturing	103,370	8.93%	76,319	6.99%
Chemical & medicine	76,211	6.58%	4,008	0.37%
Electronic information	40,375	3.49%	13,855	1.27%
Public consuming	56,317	4.86%	–	0.00%
Transportation & logistics	33,134	2.86%	112,431	10.30%
Urban public utility	324,024	27.97%	325,471	29.81%
Total	1,158,147	100.00%	1,091,725	100.00%

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The following table sets forth the analysis of the Group's doubtful assets by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	77,513	4.75%	210,261	12.38%
Culture & tourism	28,970	1.78%	118,258	6.96%
Engineering construction	–	–	22,597	1.33%
Machinery manufacturing	5,768	0.35%	5,125	0.30%
Chemical & medicine	67,109	4.11%	3,057	0.18%
Electronic information	100,174	6.14%	45,183	2.66%
Public consuming	7,096	0.43%	32,545	1.92%
Transportation & logistics	28,974	1.78%	227,367	13.39%
Urban public utility	1,316,071	80.66%	1,034,002	60.88%
Total	1,631,675	100.00%	1,698,395	100.00%

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The following table sets forth the analysis of the Group's loss assets by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	–	–	–	–
Culture & tourism	–	–	–	–
Engineering construction	–	–	–	–
Machinery manufacturing	–	–	–	–
Chemical & medicine	–	–	–	–
Electronic information	–	–	–	–
Public consuming	–	–	–	–
Transportation & logistics	–	–	–	–
Urban public utility	–	–	–	–
Total	–	–	–	–

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The following table sets forth the movement of non-performing assets of the Group as of the dates indicated.

	31 December 2025	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000
At the beginning of the year	**2,790,120**	2,792,206	2,831,337
Downgrades[(1)]	**2,945,175**	3,147,845	2,831,194
Upgrades	**(208,290)**	(1,393)	(116,055)
Recoveries	**(1,331,723)**	(2,012,188)	(1,355,168)
Write-off/disposal	**(1,405,460)**	(1,136,350)	(1,399,102)
At the end of the year	**2,789,822**	2,790,120	2,792,206
Non-performing asset ratio	**1.03%**	1.07%	1.04%
Non-performing loan formation ratio[(2)]	**0.54%**	0.43%	0.51%

Notes:

(1) Represents downgrades of interest-earning assets classified as pass or special mention at the end of the previous year and interest-earning assets newly classified in the year to non-performing categories;

(2) Non-performing loan formation ratio = (the balance of non-performing loan at the end of the year − the balance of non-performing loan at the beginning of the year + write-off/disposal of non-performing loan for the year)/(net pass interest-earning assets at the beginning of the year + net interest-earning assets under special mention at the beginning of the year). In 2025, the Group's overall non-performing loan formation rate was 0.54%, among which traditional financial business was 0.15% (2024: 0.35%). In addition, the inclusive finance business adopted a write-off policy that was better aligned with current business development to write off projects upon 30+ days overdue. In 2025, bad debt write-offs amounted to RMB1,043,562,000 (2024: RMB412,679,000), with a non-performing loan formation ratio of 6.05% (2024: 1.90%), which was higher than the overall level of the Group. For details of the inclusive finance business, please refer to the discussion and analysis in item 15 of this section.

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4.2.6.2 *Interest-earning Assets Provisions*

The following table sets forth the analysis of the provisions under our assessment methodology as of the dates indicated.

	31 December 2025		31 December 2024		31 December 2023		31 December 2022	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Provisions for interest-earning assets:								
Provision for non-performing assets	1,563,982	24.61%	1,866,617	29.37%	1,683,143	26.49%	1,460,084	21.49%
Provision for pass and special mention assets	4,791,700	75.39%	4,488,823	70.63%	4,671,589	73.51%	5,334,328	78.51%
Total	6,355,682	100.00%	6,355,440	100.00%	6,354,732	100.00%	6,794,412	100.00%
Non-performing assets	2,789,822		2,790,120		2,792,206		2,831,337	
Provision coverage ratio	227.82%		227.78%		227.59%		239.97%	
Credit cost ratio(1)	0.31%		0.30%		0.13%		0.51%	

Note:

(1) Credit cost ratio = provision for interest-earning assets for the year/average balance of interest-earning assets. In 2025, the Group's overall credit cost ratio was 0.31%, among which traditional financial business was -0.14% (2024: 0.17%). In addition, as the inclusive finance business focused on lower-tier customers in the long-tail market, the Group made a higher provision allowance to ensure safe and stable asset quality. The credit cost ratio for the inclusive finance business was 5.19% (2024: 2.41%), which was higher than the overall level of the Group. Please refer to the discussion and analysis in item 15 of this section.

4.2.6.3 *Write-offs of Interest-earning Assets*

The following table sets forth the write-offs of interest-earning assets as of the dates indicated.

	31 December 2025	31 December 2024	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Write-off/disposal of non-performing assets	1,405,460	1,136,350	1,399,102	1,379,653
Non-performing assets at the end of the previous year	2,790,120	2,792,206	2,831,337	2,751,412
Write-off ratio(1)	50.37%	40.70%	49.41%	50.14%

Note:

(1) The write-off ratio is calculated as the amount of write-off/disposal of non-performing assets over the net non-performing assets as of the beginning of the relevant year.

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In 2025, according to the requirements of the accounting standards, the Group wrote off bad debts of RMB1,405,460,000, which were mainly distributed in the public consuming, machinery manufacturing, transportation & logistics and other industries, accounting for RMB398,325,000, RMB362,656,000 and RMB261,906,000, respectively. Among which, the written-off bad debts of the inclusive finance business amounted to RMB1,043,562,000, mainly due to more prudent amendments to rules in relation to bad debt write-offs in the segment. For details of the inclusive finance business, please refer to the discussion and analysis in item 15 of this section.

Despite the Group's effort in collection through judicial means, actionable assets were unable to cover the risk exposure of projects at the moment. Although at the moment the Group was required to write off the bad debts of the relevant non-performing assets pursuant to the requirements of the accounting standards, the Group did not terminate the disposal of assets, but continued to collect the payment through the disposal of equipment/pledge, and exerting pressure on guarantors. From 2011 to 2025, the written-off bad debts amounted to RMB9,838,632,000, and RMB2,743,132,000 had been recovered. Among which, the accumulated written-off bad debts of the inclusive finance business amounted to RMB1,474,419,000, with a reversal amount of RMB109,940,000.

4.2.6.4 Interest-earning Assets (Overdue for More than 30 Days)

The following table sets forth the interest-earning assets (overdue for more than 30 days) as of the dates indicated.

	31 December 2025	31 December 2024	31 December 2023	31 December 2022
Overdue ratio (over 30 days)	**0.82%**	0.90%	0.91%	0.91%

The Group adhered to the prudent strategies of risk control and asset management. The Group's overdue ratio (over 30 days) was 0.82% as at 31 December 2025, which further improved as compared to the end of 2024.

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The following table sets forth the interest-earning assets (overdue more than 30 days) by industry as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Healthcare	178,041	7.94%	377,908	16.08%
Culture & tourism	37,648	1.68%	179,191	7.62%
Engineering construction	33,891	1.51%	18,368	0.78%
Machinery manufacturing	101,339	4.52%	72,071	3.07%
Chemical & medicine	202,672	9.04%	49,549	2.11%
Electronic information	110,181	4.92%	300,445	12.78%
Public consuming	54,616	2.44%	116,191	4.94%
Transportation & logistics	50,266	2.24%	315,077	13.40%
Urban public utility	1,473,029	65.71%	921,934	39.22%
Total	2,241,683	100.00%	2,350,734	100.00%

The following table sets forth the interest-earning assets (overdue for more than 30 days) by classification as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total
Pass	–	–	–	–
Special mention	376,429	16.79%	1,401,100	59.61%
Substandard	236,511	10.55%	131,942	5.61%
Doubtful	1,628,743	72.66%	817,692	34.78%
Loss	–	–	–	–
Total	2,241,683	100.00%	2,350,734	100.00%

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4.3 Asset-backed Securities/Notes-related Assets Items, etc.

In 2025, the Group did not sell interest-earning assets by issuing asset-backed securities/notes.

The following table sets forth the accumulated principal balances of interest-earning assets of off-balance sheet asset securitization that were not yet due as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB million	% of total	RMB million	% of total	Change %
Healthcare	–	–	–	–	–
Culture & tourism	–	–	12	4.62%	–
Engineering construction	–	–	18	6.92%	–
Machinery manufacturing	–	–	–	–	–
Chemical & medicine	–	–	9	3.46%	–
Electronic information	–	–	26	10.00%	–
Public consuming	–	–	15	5.77%	–
Transportation & logistics	–	–	19	7.31%	–
Urban public utility	–	–	161	61.92%	–
Total	–	–	260	100.00%	–

As at 31 December 2025, the Group did not have any balance of off-balance sheet asset-backed securities/notes.

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4.4 Liabilities (Overview)

As at 31 December 2025, total liabilities of the Group amounted to RMB310,667,725,000, representing an increase of RMB7,754,866,000 or 2.56% as compared to the end of the previous year, In particular, the interest-bearing bank and other borrowings were the main component of the Group's total liabilities, accounting for 85.92% of the total, which decreased by 1.54 percentage points as compared to 87.46% as at the end of the previous year.

The following table sets forth the liability analysis as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Interest-bearing bank and other borrowings	**266,919,667**	**85.92%**	264,918,183	87.46%	0.76%
Other payables and accruals	**29,904,723**	**9.63%**	26,089,001	8.61%	14.63%
Liabilities for continuing involvement	**–**	**–**	140,240	0.05%	-100.00%
Trade and bills payables	**7,771,420**	**2.50%**	7,865,619	2.60%	-1.20%
Tax payables	**1,702,395**	**0.55%**	1,278,347	0.42%	33.17%
Derivative financial instruments	**1,312,277**	**0.42%**	301,591	0.10%	335.12%
Deferred tax liabilities	**1,328,295**	**0.43%**	826,532	0.27%	60.71%
Deferred revenue	**834,805**	**0.27%**	498,877	0.16%	67.34%
Lease liabilities	**894,143**	**0.28%**	994,469	0.33%	-10.09%
Total liabilities	**310,667,725**	**100.00%**	302,912,859	100.00%	2.56%

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4.5 Interest-bearing Bank and Other Borrowings

In the face of a complicated and ever-changing financial environment domestically and overseas, the Group continued to consolidate reliable financing resources, optimize the debt structure, and flexibly deploy funds. By striving to lower financing costs, the Group made good progress in both direct and indirect financing markets, supporting the effective advancement of the Company's overall operations.

With respect to the direct financing market, the Group further diversified its issuance offerings, leveraged unique asset characteristics, and optimized its product structure. Since 2025, the Group had issued multiple asset securitization products with the themes of "high-quality development for small and micro enterprises", "facilitating industrial upgrading" and "Yangtze River Delta integration", which formed positive synergy with the asset side and fully implemented national high-quality development strategies to support MSMEs and facilitate the high-quality development of regional economies. These issuances gained high market recognition as evidenced by repeatedly record-low issuance rates. In addition, the Group seized a favorable market window in 2025 to issue USD500 million three-and-a-half-year senior unsecured notes, which were oversubscribed in the international market, demonstrating the Group's exceptional capability to access global resources.

With respect to the indirect financing market, the Group aligned with the policy directives regarding green finance, inclusive finance and technological innovation to meet the Company's strategic needs. It continued to deepen strategic partnerships with financial institutions across financial and industrial segments, as well as in the domestic and offshore markets, resulting in a sustained reduction in financing costs. In 2025, the Group secured approximately RMB9.7 billion in bank drawdowns designated for "sustainable development". These funds, denominated in RMB, US$ and JPY, were utilized to support areas such as renewable energy, sewage treatment and energy efficiency improvements.

In conclusion, the Group has increasingly diversified its financing methods, continuously improved the quality of its financing, and optimized its debt structure. Through the flexible mobilization of multiple channels, products, markets and currencies, the Group can secure its needs for resources in a sustainable and stable manner. Looking forward to the future, the Group is confident that, backed by robust operational momentum and profound cooperation within financial markets, it will further improve its competitiveness on the liability side.

As at 31 December 2025, the total sum of the Group's interest-bearing bank and other borrowings amounted to RMB266,919,667,000, representing an increase of 0.76% as compared with RMB264,918,183,000 as at the end of the previous year. The Group's borrowings were mainly denominated in RMB and US$.

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The following table sets forth the distribution between current and non-current interest-bearing bank and other borrowings as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Current	**134,110,938**	**50.24%**	145,565,880	54.95%	-7.87%
Non-current	**132,808,729**	**49.76%**	119,352,303	45.05%	11.27%
Total	**266,919,667**	**100.00%**	264,918,183	100.00%	0.76%

As at 31 December 2025, the Group's current interest-bearing bank and other borrowings (including short-term loans and portions that are due within one year in long-term loans) as a percentage of the Group's total interest-bearing bank and other borrowings was 50.24%, which decreased as compared to the end of the previous year, mainly because the Group moderately increased its financing with terms that aligned with the Company's operational needs in a move that balanced against asset duration and cost efficiency, while adhering to a prudent financing strategy and ensuring liquidity availability, all within the context of market conditions.

The following table sets forth the distribution between secured and unsecured interest-bearing bank and other borrowings as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Secured	**64,988,075**	**24.35%**	58,287,351	22.00%	11.50%
Unsecured	**201,931,592**	**75.65%**	206,630,832	78.00%	-2.27%
Total	**266,919,667**	**100.00%**	264,918,183	100.00%	0.76%

The Group carefully managed its funding risk in 2025. As at 31 December 2025, the proportion of the Group's interest-bearing bank and other borrowings that were unsecured accounted for 75.65% of the Group's total interest-bearing bank and other borrowings, which slightly decreased as compared to the end of the previous year, mainly due to the Group's ongoing efforts to balance and align its financing needs with financing conditions, such as by aligning the issuance of asset-backed securities with the growth rate of its inclusive finance assets, thereby securing financing resources that were better tailored to its needs.

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The following table sets forth the distribution of interest-bearing bank and other borrowings between bank loans and other loans as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Bank loans	171,213,695	64.14%	156,929,511	59.24%	9.10%
Other loans	95,705,972	35.86%	107,988,672	40.76%	-11.37%
Total	266,919,667	100.00%	264,918,183	100.00%	0.76%

As at 31 December 2025, the Group's bank loans as a percentage to the Group's total bank and other borrowings increased as compared to the end of the previous year, mainly because the Group continuously deepened its cooperation with banks, demonstrating its long-term and prudent financing strategies.

The following table sets forth the distribution of interest-bearing bank and other borrowings between domestic and overseas as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Domestic	207,399,940	77.70%	217,694,330	82.17%	-4.73%
Overseas	59,519,727	22.30%	47,223,853	17.83%	26.04%
Total	266,919,667	100.00%	264,918,183	100.00%	0.76%

As at 31 December 2025, the proportion of the Group's domestic borrowings and other borrowings as a percentage to the Group's total borrowings was 77.70%, which decreased as compared to the end of the previous year, as the Group increased its financing in overseas markets during 2025 by taking advantage of the offshore interest rate cut cycle based on market conditions and the funding needs of its domestic and overseas entities, which in turn deepened its cooperation with overseas financial institutions and strengthened its ability to access global financing resources.

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The following table sets forth the distribution of interest-bearing bank and other borrowings based on the currencies as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
RMB	206,473,093	77.35%	209,135,497	78.94%	-1.27%
US$	30,358,750	11.37%	22,038,543	8.32%	37.75%
Borrowings in other currencies	30,087,824	11.28%	33,744,143	12.74%	-10.84%
Total	266,919,667	100.00%	264,918,183	100.00%	0.76%

As at 31 December 2025, the Group's activities in RMB accounted for 77.35% of its total interest-bearing bank and other borrowings, which decreased as compared to the end of the previous year, as the Group increased its financing in overseas markets as and when appropriate.

The following table sets forth the distribution of interest-bearing bank and other borrowings based on direct and indirect financing as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Direct financing	75,489,445	28.28%	79,665,266	30.07%	-5.24%
Indirect financing	191,430,222	71.72%	185,252,917	69.93%	3.33%
Total	266,919,667	100.00%	264,918,183	100.00%	0.76%

As at 31 December 2025, the Group's indirect financing accounted for 71.72% of the total, which increased as compared to the end of the previous year. Building on its continuous efforts to deepen engagement in the credit market, the Company further consolidated the resource base required for future development.

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4.6 Shareholders' Equity

As at 31 December 2025, the total equity of the Group was RMB60,293,644,000, representing an increase of RMB2,816,503,000 or 4.90% from the end of the previous year. During the year, the Company maintained safe and sound operation, striving to increase returns for shareholders, and ensuring the steady increase in the equity attributable to ordinary shareholders of the Company.

The following table sets forth the analysis of equity as of the dates indicated.

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Share capital[1]	15,639,775	25.94%	13,098,930	22.79%	19.40%
Equity component of convertible bonds	103	0.00%	144,785	0.25%	-99.93%
Reserve	36,302,246	60.21%	35,746,601	62.19%	1.55%
Equity attributable to holders of ordinary shares of the Company[2]	51,942,124	86.15%	48,990,316	85.23%	6.03%
Perpetual securities[3]	–	–	–	–	–
Non-controlling interests	8,351,520	13.85%	8,486,825	14.77%	-1.59%
Total equity	60,293,644	100.00%	57,477,141	100.00%	4.90%

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Notes:

(1) In 2025, following the full conversion of the convertible bonds issued in July 2020, the Company's total issued shares increased by approximately 430 million.

(2) The following table sets forth the change in the equity attributable to the ordinary shareholders of the Company in 2025.

	Equity attributable to holders of ordinary shares of the Company
31 December 2024	48,990,316
Profit for the year	3,888,519
Other comprehensive income	(1,167,006)
Dividend distribution	(2,248,069)
Conversion of convertible bonds	2,081,643
Other changes in equity	396,721
31 December 2025	51,942,124

The final dividend of HK$0.30 per share for the year ended 31 December 2024 was approved at the annual general meeting on 14 April 2025 and paid on 6 May 2025. The interim dividend of HK$0.25 per share for the six months ended 30 June 2025 was declared by the Board on 1 August 2025, which was paid on 24 September 2025.

(3) Issuance of perpetual securities.

As at 31 December 2025, the Group did not have outstanding perpetual securities. The Group may formulate future issuance plans based on market conditions and the Group's financing needs.

On 20 June 2025, the Board updated the medium-term note and perpetual securities programme. The Company may offer and issue notes and/or perpetual securities in series, with the aggregate nominal amount of notes and perpetual securities which may be outstanding at any time of up to US$4,000,000,000 (or its equivalent in other currencies). Application was made to the Stock Exchange for the listing of the programme for 12 months after 20 June 2025, whereby notes and/or perpetual securities may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) only. For other details of the aforesaid offering and issuance of notes and/or perpetual securities in series, please refer to the relevant announcement and offering circular of the Company dated 20 June 2025.

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4.7 Outstanding Guaranteed Convertible Bonds

The Group's convertible bonds which existed during 2025 or are outstanding as at 31 December 2025 include:

1. The bonds in the principal amount of US$300,000,000 due 2025 issued by Universe Trek Limited, a wholly-owned subsidiary of the Company, on 8 July 2020 and guaranteed by the Company, convertible into fully paid ordinary shares in the issued and paid-up capital of the Company in accordance with relevant conditions, and bearing interest from and including the issue date at the rate of 2.5% per annum payable semi-annually. Based on the net proceeds from the issuance of such convertible bonds (after deducting the fees, commission and expenses) amounting to approximately US$296.6 million, the net price of each conversion share of such convertible bonds amounted to approximately HK$8.24 (at the predetermined exchange rate of US$1.00 to HK$7.7503). The convertible bonds were offered and sold to no less than six independent placees (who were independent individuals, corporates and/or institutional investors). The initial conversion price of the convertible bonds was HK$8.33 per conversion share; the conversion price was adjusted to HK$7.92 per conversion share on 31 July 2020 due to the payment of dividend; the conversion price was further adjusted to HK$7.58 per conversion share on 30 June 2021 due to the payment of dividend; the conversion price was further adjusted to HK$7.11 per conversion share on 30 June 2022 due to the payment of dividend; the conversion price was further adjusted to HK$6.59 per conversion share on 30 June 2023 due to the payment of dividend; the conversion price was further adjusted to HK$6.48 per conversion share on 22 January 2024 due to the payment of special dividend; the conversion price was further adjusted to HK$5.96 per conversion share on 28 June 2024 due to the payment of dividend; the conversion price was further adjusted to HK$5.72 per conversion share on 5 July 2024 due to the payment of special dividend; the conversion price was further adjusted to HK$5.45 per conversion share on 16 October 2024 due to the payment of dividend; the conversion price was further adjusted to HK$5.19 per conversion share on 6 May 2025 due to the payment of dividend. As at the end of 2021, the Company had used all net proceeds for working capital and general corporate purposes, consistent with the use of proceeds disclosed in the announcement of the Company dated 18 June 2020. Approximately US$169.5 million was used for domestic business operations and approximately US$127.1 million was used for working capital and other general corporate purposes. As at 30 June 2025, an aggregate principal amount of US$300,000,000, representing 100% of the initial aggregate principal amount of the bonds had been redeemed and cancelled, among which, (i) as a result of the exercise of the conversion rights by the bondholders, an aggregate principal amount of US$290,000,000, representing approximately 96.67% of the initial aggregate principal amount of the bonds, was converted at the conversion price of HK$5.19 per share and cancelled in accordance with the conditions from May to June 2025, resulting in a total number of 433,061,070 shares being issued and credited as fully paid; and (ii) an aggregate principal amount of US$10,000,000, representing approximately 3.33% of the initial aggregate principal amount of the bonds, was redeemed and cancelled by the Company in 2023 at the then prevailing conversion price of HK$6.59 per share pursuant to exercise of put option by relevant bondholders in accordance with the conditions. As at 31 December 2025, there was no outstanding principal amount of such convertible bonds.

2. The bonds in the principal amount of US$250,000,000 due 2026 issued by Universe Trek Limited, a wholly-owned subsidiary of the Company, on 15 June 2021 and guaranteed by the Company, convertible into fully paid ordinary shares in the issued and paid-up capital of the Company in accordance with relevant conditions, and bearing zero coupon. Based on the net proceeds from the issuance of such convertible bonds (after deducting the fees, commission and expenses) amounting to approximately US$246 million, the net price of each conversion share of such convertible bonds amounted to approximately HK$10.01 (at the predetermined exchange rate of US$1.00 to HK$7.7614). The convertible bonds were

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offered and sold to no less than six independent placees (who were independent individuals, corporates and/or institutional investors). The initial conversion price of the convertible bonds was HK$10.20 per conversion share; the conversion price was adjusted to HK$9.76 per conversion share on 30 June 2021 due to the payment of dividend; the conversion price was further adjusted to HK$9.16 per conversion share on 30 June 2022 due to the payment of dividend; the conversion price was further adjusted to HK$8.50 per conversion share on 30 June 2023 due to the payment of dividend; the conversion price was further adjusted to HK$8.35 per conversion share on 22 January 2024 due to the payment of special dividend; the conversion price was further adjusted to HK$7.69 per conversion share on 28 June 2024 due to the payment of dividend; the conversion price was further adjusted to HK$7.38 per conversion share on 5 July 2024 due to the payment of special dividend; the conversion price was further adjusted to HK$7.04 per conversion share on 16 October 2024 due to the payment of dividend; the conversion price was further adjusted to HK$6.70 per conversion share on 6 May 2025 due to the payment of dividend; the conversion price was further adjusted to HK$6.48 per conversion share on 24 September 2025 due to the payment of dividend. As at the end of 2021, the Company had used all net proceeds for working capital and general corporate purposes, consistent with the use of proceeds disclosed in the announcement of the Company dated 27 May 2021, approximately US$95 million was used for repayment of bank loans and approximately US$151 million was used for repayment of the US$ floating rate notes issued in 2018. On 15 June 2024, the Company received a notice of exercise of the put option amounting to US$249,100,000 and redeemed and cancelled the relevant convertible bonds for a consideration equivalent to 106.15% of their principal amount according to the terms. On 8 July 2025, as a result of the exercise of the conversion rights by the holders of the Convertible Bonds, an aggregate principal amount of US$500,000, representing approximately 0.2% of the initial aggregate principal amount of the Convertible Bonds, was converted at the conversion price of HK$6.70 per share and cancelled in accordance with the conditions, resulting in a total number of 579,208 shares being issued and credited as fully paid. As at 31 December 2025, the outstanding principal amount of such convertible bonds was US$400,000.

The above convertible bonds were issued at 100.00% of the principal amount of the bonds as the issue price, and were issued in registered form and in denominations US$200,000 each and integral multiples of US$1,000 in excess thereof. The proceeds from the bond issue can provide the Company with additional funding at lower cost to repay its existing debts and optimize its financing structure, to further strengthen the working capital for the Company, as well as potentially enhance the equity base of the Company.

For the principal terms and other details of the abovementioned convertible bonds, please refer to the relevant announcements of the Company dated 17 June, 18 June, 19 June, 8 July, 21 July, 24 November, 4 December and 7 December 2020, 27 May, 15 June, 16 June, 24 June, 20 July, 5 August, 6 August and 29 October 2021, 24 June and 28 October 2022, 20 June 2023, 22 January, 17 June, 7 July and 3 October 2024, and 25 April, 6 June, 13 June, 20 June, 24 June, 2 July, 3 July and 16 September 2025.

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(I) Adjustment of Conversion Price of the Convertible Bonds

	Effective date of conversion price adjustment	Original conversion price	Adjusted conversion price	Disclosure date	Explanation of conversion price adjustment
Convertible bonds issued in June 2021	6 May 2025	HK$7.04	HK$6.70	25 April 2025	Adjust the conversion price based on the 2024 final dividend payment
Convertible bonds issued in June 2021	24 September 2025	HK$6.70	HK$6.48	16 September 2025	Adjust the conversion price based on the 2025 interim dividend payment
Convertible bonds issued in July 2020	6 May 2025	HK$5.45	HK$5.19	25 April 2025	Adjust the conversion price based on the 2024 final dividend payment

Impact of the Convertible Bonds on Earnings per Share and Share Dilution

As at 31 December 2025, the convertible bonds issued in July 2020 were fully converted. If the conversion rights attaching to the convertible bonds issued in June 2021 were fully exercised in accordance with relevant conditions, the Company would have issued 479,098 shares, representing approximately 0.01% of the issued share capital of the Company as at 31 December 2025 and approximately 0.01% of the issued share capital of the Company as enlarged by the issue of such conversion shares.

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The table below sets forth the dilution impact of the full conversion of the above convertible bonds on the shareholding of the substantial shareholders of the Company (having referred to the Company's shareholding structure as at 31 December 2025 and assuming no further shares would be issued by the Company):

Name of shareholder	As of 31 December 2025		Immediately following the full conversion of all convertible bonds	
	Number of shares	Approximate percentage of total issued shares(ii)	Number of shares	Approximate percentage of total issued shares(ii)
Sinochem Group Co., Ltd.	919,914,440	19.16%	919,914,440	19.16%
KONG Fanxing(i)	921,094,417	19.19%	921,094,417	19.18%
The holders of the Convertible Bonds issued on 15 June 2021	–	–	479,098	0.01%
Other shareholders	2,958,464,973	61.64%	2,958,464,973	61.63%
Total	4,799,473,830	100.00%	4,799,952,928	100.00%

Notes:

(i) As at 31 December 2025, these interests include (i) 1,670,000 shares held by Mr. KONG Fanxing; (ii) 50,476,520 vested restricted shares; and (iii) 868,947,897 shares whose voting rights were entrusted to Idea Prosperous Limited to exercise, and Idea Prosperous Limited is a wholly-owned company of Mr. KONG Fanxing.

(ii) There may be a difference between the total and the sum of the sub-items due to rounding down to two decimal places.

Please refer to Note 12 to the financial statements for the analysis of the impact on earnings per share as if the convertible bonds had been fully converted on 31 December 2025.

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(II) The Company's Liabilities, Credit Changes and Cash Arrangements for Debt Repayment in the Future

As at 31 December 2025, the Company's liabilities and credit status did not change significantly, and the credit ratings assigned to the Company by various credit rating agencies remained unchanged. The Company has sufficient cash flow. At the same time, the banks have granted sufficient credit lines to the Company. Even if investors hold the convertible bonds to maturity and require payment of the principal, the Company is fully capable of paying in cash.

(III) Analysis of the Implied Internal Rate of Returns

As at 31 December 2025, the Convertible Bonds issued on 15 June 2021 with an aggregate principal amount of US$500,000, representing approximately 0.2% of the initial aggregate principal amount of the Convertible Bonds, was converted at the conversion price of HK$6.70 per share and cancelled in accordance with the conditions. Based on the implied internal rate of returns of the abovementioned convertible bonds and other related parameters, the share price at which it would be equally financially advantageous for the bondholders to convert or redeem the revised conversion shares for the end of year 2025 was as below:

	As at 31 December 2025
Share price of the convertible bonds issued on 15 June 2021 (HK$)	**7.09**

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5. CAPITAL MANAGEMENT

The primary objective of the Group's capital management activities is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In 2025, no change was made to the objectives, policies or processes for managing capital.

5.1 Gearing ratio

The Group monitors its capital by gearing ratio. The following table sets forth the gearing ratios as of the dates indicated:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets (A)	370,961,369	360,390,000
Total liabilities (B)	310,667,725	302,912,859
Total equity	60,293,644	57,477,141
Gearing ratio (C=B/A)	83.75%	84.05%

In 2025, the Group made full use of capital leverage for its operations to keep the Group's gearing ratio relatively high while at the same time closely managed the Group's gearing ratio to avoid potential liquidity risk. As at 31 December 2025, the Group's gearing ratio was 83.75%.

5.2 Ratio of Assets at Risk to Equity

According to Article 27 of the Interim Measures for the Supervision and Management of Financial Leasing Companies issued by the China Banking and Insurance Regulatory Commission in May 2020, the total assets at risk of a financial leasing company must not exceed 8 times of the net assets.

As at 31 December 2025, the ratios of total assets at risk to net assets of International Far Eastern Financial Leasing Co., Ltd., Far Eastern Horizon (Tianjin) Financial Leasing Co., Ltd., Far Eastern Horizon Financial Leasing Co., Ltd., Far East Horizon Financial Leasing (Guangdong) Co., Ltd. and Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited were 3.79, 3.94, 5.59, 5.15 and 3.37, respectively, which were in compliance with the ratio of assets at risk to equity requirements of the measures. The Group will ensure that all domestic finance leasing operations entities will continue to meet the above regulatory requirements through allocation of internal resources.

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The following table sets forth the ratio of assets at risk to equity as of the dates indicated:

International Far Eastern Financial Leasing Co., Ltd. (遠東國際融資租賃有限公司)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets	200,493,810	199,237,792
Less: Cash	13,747,162	12,670,493
Total assets at risk	186,746,648	186,567,299
Equity	49,210,448	45,682,934
Ratio of assets at risk to equity	3.79	4.08

Far Eastern Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets	73,500,818	74,044,784
Less: Cash	6,870,580	5,706,625
Total assets at risk	66,630,238	68,338,159
Equity	16,913,547	19,895,447
Ratio of assets at risk to equity	3.94	3.43

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Far Eastern Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets	17,906,419	6,087,496
Less: Cash	42,452	27,052
Total assets at risk	17,863,967	6,060,444
Equity	3,194,889	3,767,516
Ratio of assets at risk to equity	5.59	1.61

Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets	23,998,562	18,593,996
Less: Cash	684,870	283,166
Total assets at risk	23,313,692	18,310,830
Equity	4,529,645	3,907,199
Ratio of assets at risk to equity	5.15	4.69

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Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Total assets	11,110,285	9,644,589
Less: Cash	1,072,048	1,809,888
Total assets at risk	10,038,237	7,834,701
Equity	2,982,653	2,657,574
Ratio of assets at risk to equity	3.37	2.95

6. CAPITAL EXPENDITURES

The Group's capital expenditure was RMB5,103,538,000 as at 31 December 2025. Among which, investment in joint ventures/associates was RMB2,080,005,000 and capital expenditure in the equipment operation segment was RMB2,389,791,000, which was primarily used for various business development initiatives of the Group and asset optimization and renewal of Horizon Construction Development.

7. RISK MANAGEMENT

7.1 Credit Risk

The Company upheld the bottom line of asset safety and adopted a comprehensive, prudent, proactive and forward-looking approach in risk management to resolutely safeguard high-quality business development with high standards of safety. Centering on risk management, the Company continuously refined and developed a governance structure that was well-established, rationally divided, clearly delineated in terms of authority and responsibility, balanced in risk oversight, functionally independent, and yet highly synergistic, further enhancing both governance quality and capabilities. The Company remained steadfast in its founding mission of serving the real economy with its financial services by taking the initiative to adapt to environmental shifts, leveraging favorable conditions and ceaselessly optimizing the allocation of capital across industries, regions and customers as when and where appropriate. Meanwhile, it focused on credit review of group customers to strengthen key defenses against credit risks. Upholding the philosophy that compliance reduces risk and creates value, the Company actively adapted to the new landscape of financial regulation, persistently optimized operational management across multiple dimensions, enforced strict operational oversight and effective control and firmly guarded the red lines of compliance and the bottom lines of operational conduct. The Company continued to push forward the integration of financial technology with operational management and leveraged technology to empower business development and risk management, so that the management precision and operational effectiveness of the digital, intelligent, and mobile risk control middle platform were elevated on an ongoing basis.

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During the year, the Company focused on key challenges with decisive efforts and advanced its operations with solid progress. Risk prevention and control were strengthened and made more efficient, with core risk indicators consistently maintaining relatively low levels within the industry. Asset safety remained under control, and asset quality demonstrated steady improvement. The Company achieved both effective qualitative improvement and reasonable quantitative growth as a whole, laying a solid foundation for long-term sustainable development.

I. **Upholding safety-oriented development at all times and continuously improving the risk-driven governance structure**

The Company regarded asset safety as the fundamental lifeline of its survival and development. It had always upheld a safety-first risk management philosophy, treated risk prevention and control as the top priority of its operations and development, and ensured that its development plans were built upon a solid foundation of asset safety and that all business initiative was strictly kept within the scope of risk control. By assuming risk in a measured manner, the Company secured reasonable returns and achieved long-term value and sustainable corporate growth with uncompromising asset quality.

The Company upheld the principle of "full-process, all-round, multi-dimension and uninterrupted" in risk control and carried out risk governance with comprehensive, prudent, proactive and forward-looking management philosophy, thereby safeguarding high-quality development with high standards of safety.

Build a panoramic risk management system with comprehensive deployment. The Company continued to improve the framework of comprehensive risk management by continuously optimizing and strengthening the 360-degree view and risk control mechanism that encompassed all employees, all segments, all products, all processes and all cycles. Through layered classification, horizontal expansion, and vertical penetration, the Company established a three-dimensional, matrix-style and professional risk management grid characterized by "horizontal integration and vertical specialization", regularly conducted comprehensive reviews of risk control and holistically enhanced management capabilities, ensuring total coverage without gaps, blanks, or dead angles and achieving zero omissions of major risks. During the year, aligned with a customer-oriented business philosophy, the Company further extended the boundary and enriched the substance of risk management by incorporating the management of the entire customer lifecycle into its scope of comprehensive risk management, which enabled real-time and full-coverage risk prevention and control from the business end to the customer end. Meanwhile, it further strengthened the information sharing and coordination mechanism among all departments throughout the entire process.

Implement prudent measures to build a strong and all-encompassing fence for risk prevention and control. The Company remained committed to the philosophy of steady business development and a prudent stance in risk appetite, and maintained a comprehensive balance between risks and returns in determining its annual performance targets and department performance indicators. All operations were conducted on the premise of compliance. The Company examined every aspect of operations and management by employing bottom-line thinking and extreme-scenario analysis, and prepared solid fallback plans to ensure preparedness for potential emergencies. While maintaining a relatively stable asset scale, the Company continuously optimized its investment structure in terms of industry, region and customer distribution. It reinforced four lines of defense covering before, during and after credit approval,

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as well as audit and internal control review. The Company abided by professional approval processes, eliminated administrative interference and fostered the professionalism of objectivity, independence and accountability, ensuring that all businesses were conducted under conditions of known and manageable risks. During the year, the Company updated and adjusted its risk management policies and regulations, optimized management and control parameters for the public-sector portfolio, and refined rating and transaction-related rules for the market-oriented portfolio to deeply align the risk control system with business development. When granting credit to group customers, the Company carried out thorough credit review and management to ensure that overall risk of credit granting remained under control. With continuous iteration and upgrading of team expertise, the Company steadily enhanced its risk prevention and control capabilities.

Carry out proactive prevention and control to strengthen preemptive risk management across all stages. The Company proactively benchmarked against new external regulatory requirements, and strengthened the internal transmission and implementation of regulatory policies for internal adaptation. It monitored compliance incidents both inside and outside the Company on a timely basis and conducted regular training and education on risk control to cultivate a company-wide compliance culture and elevate the awareness of compliant operation. During the year, based on evolving business development trends, the Company implemented more refined risk management strategies focused on key industries, regions and customers. Through dynamic and refined management of risk budget targets and risk control strategies, the Company proactively guided the direction of risk management and control throughout the year, strictly enforced operational standards and effectively reduced operational deviations. The Company carried out hierarchical and classified management for different industries, regions and customer groups, and formulated differentiated risk mitigation strategies. It granted credit to customers with sound credit status in advance to improve the efficiency of granting credit. Risk management and control were introduced at an earlier stage of credit granting to enable early intervention and proactive responses to market fluctuations and major emergencies. It strengthened the proactive and preventive management of risks at the first and second lines of defense for credit approval and adhered to the principles of early detection, early identification, early warning, and early disposal. Furthermore, the Company continued to refine its early-warning and monitoring mechanism for risk indicators and embedded the results of risk monitoring in the credit granting process to provide precise guidance for risk analysis and scientific judgment. The Company dedicated concerted efforts in pushing forward joint prevention and control, and mobilized all employees to actively participate in risk management, fostering a positive environment of full participation. It further strengthened the closed-loop management and personnel coordination across all operational stages, covering risk identification, risk analysis, risk decision-making and management enhancement.

Carry out forward-looking assessment to enhance risk mitigation capabilities across the board. The Company continued to highlight the forward-looking and guiding role of research in risk management. It strengthened its research and analysis at the macro and meso levels to accurately anticipate the trend of systemic and structural development in industries, regions and customer groups, make swift responses to external market changes and risk shocks, formulate targeted management and control strategies in advance, improve risk management tools, and carry out preemptive systemic risk prevention, so it could make proactive efforts to get prepared in advance to achieve earlier warning on a continuous basis. The Company put in place the "Sky-Eye System", which provided all credit-approval officers with full access to macroeconomic and industry-research reports. During the project approval process, this system enabled a more precise understanding of industry development trends, regional development strategies and peer information. The Company also introduced big data to facilitate more comprehensive collection and understanding of customer information. The Company explored AI applications to enable more efficient utilization

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of historical customer data on credit granting for risk analysis, which not only boosted operational efficiency but also effectively enhanced credit-approval officers' risk anticipation and prediction capabilities. Professional forward-looking research and extensive data provided more effective and scientific support for risk control decision-making.

Balance authority and responsibilities to build a risk-oriented governance structure. The Company continued to strengthen the top-level design of risk management, and refine the risk governance structure that was well-established, rationally divided, clearly delineated in terms of authority and responsibility, balanced in risk oversight, functionally independent, and yet highly synergistic, reinforcing the governance foundation for risk prevention and control. As the highest decision-making level of risk management, the Board set the strategic direction of the Company's operation and management, established the Company's risk culture and determined its risk appetite, ensuring that the risk management system was deeply aligned with its strategic objectives. Senior management was responsible for implementing and executing strategic initiatives, carrying out the Board's risk management resolutions, establishing clear divisions of labor, mutual coordination, and effective checks and balances mechanism among departments, conducting regular assessments and reporting the progress to the Board. The Supervisory Committee diligently fulfilled its risk management oversight duties and strengthened its supervisory and restrictive role to fully safeguard the independence and professional decision-making capabilities of external directors. The Risk Management Committee led the professional audits of proposals, with members from the front, middle and back office departments, including the management and the grassroots. The Risk Management Department was responsible for the implementation of the risk policies and the daily risk management and operations. The Audit Department was directly accountable to and reported to the Board, and was independent of business and risk control systems. It conducted independent audits and effective supervision on the compliance of business operations and the effectiveness of risk management systems, and prepared special reports accordingly. During the year, the Company repeatedly provided updates on the committee members to ensure objective, professional and independent audits. It reaffirmed that the management of the risk control department should be independent of other business departments. Risk management personnel, responsibilities, reporting lines and performance appraisals remained relatively independent, creating a system of checks and balances with business operations. The Company continued to improve the integrated risk governance system of the Group to strengthen the unified management of risks. This approach not only promoted mutual checks and balances between business operations and functional management, but also ensured synchronous efforts to collectively safeguard the achievement of risk management objectives.

II. Optimizing allocation as when and where appropriate to solidify a rational and balanced asset foundation

The Company remained steadfast in its founding mission of serving the real economy with its financial services by ceaselessly making contributions to the real economy's transformation toward new and high-quality development. While maintaining overall stability, the Company prioritized structural adjustment. It closely monitored macro-economic landscape, industrial development trajectories and regional development trends, and abided by the philosophy of constantly adjusting asset allocation as when and where appropriate. It continuously adjusted the flow of incremental capital based on three dimensions, i.e. industry layout, regional selection and customer cultivation, so as to optimize existing asset structures and strengthen the alignment and integration of the Company's operation and development with national industrial policies and regional development strategies. Through scientific planning, the Company maintained moderate diversification and prudent balance in its asset portfolio, underpinning the foundation for the Company's high-quality asset development.

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Align with policy directives and optimize asset deployment across industries. In response to national development policies and industrial policy directives, the Company focused its efforts on advantageous sectors and distinctive industries, and steered capital toward key areas and critical links of the real economy. The Company resolutely pursued "Five Key Areas of Finance": technology finance, green finance, inclusive finance, pension finance, and digital finance. It actively supported large-scale equipment upgrades and consumer-goods trade-in programs, bolstered the implementation of major national strategies and the construction of security capacity in key areas with all-out efforts, and persistently increased the financial support for major water-conservancy projects as well as infrastructure such as railways, highways, airports and ports. Furthermore, the Company paid close attention to the security of energy and food, the stability of supply chains and industry chains and other core areas, ensuring capital needs for key projects.

The Company strived to empower the development of new quality productive forces and a modern industrial system, and placed emphasis on supporting the construction of new-type infrastructures as well as the development of advanced manufacturing industries, including new energy, new materials, next-generation information technology, bio-medicine, integrated circuits and high-end equipment, in a bid to facilitate the high-end, intelligent and green transformation and upgrade of manufacturing industries. It also actively unleashed the potential of consumer market and ramped up the support for fundamental consumption and cultural and tourism consumption, while contributing to the quality improvement and upgrading of healthcare, education, public transportation, water, electricity, gas and other domestic demand-oriented and livelihood-oriented fundamental industries. To keep up with new industrial development trends, the Company proactively explored investment opportunities in emerging fields, such as embodied intelligence and low-altitude economy, and continuously fostered new growth drivers for business development.

In planning its industry layout, the Company adhered to the principle of exploring prudently while controlling risk. It gave priority to industries with low cyclicality, stable growth, and sound asset quality. For emerging and future industries that have clear development paths and high commercial viability, the Company employed a diversified product model comprising equity, equity-plus-debt, and industrial funds to balance industrial support with risk management, with a view to facilitating the steady growth of new industries, business models and patterns in China.

Sharpen strategic focus and build a scientific regional deployment system. The Company deeply integrated into the nation's coordinated regional development strategies, and devoted its full strength to serving various major regional development plans, including the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, the construction of the Chengdu-Chongqing economic circle, the rise of urban clusters along the mid-stream of Yangtze River and other cities in central China, the comprehensive revitalization of northeast China and the large-scale development of western China. It contributed to driving the convergence of financial resources toward strategically significant regions.

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The Company continued to iterate the urban energy level assessment model, and carried out hierarchical and classified management of each region's economic development capacity and market vitality with local development prospects and economic benefits as the core dimensions. It conducted customer development and business cooperation in prioritized cities at high energy levels. Embracing the strategy of concentrating on core regions and expanding into neighboring markets, the Company focused on national key core economic belts and core cities, and then gradually extended its influence to second – and third-tier cities with promising development potential and high-quality assets, allocating high-quality assets along rivers and coasts. Taking full account of the disparity between different regions in terms of resource endowments, industrial characteristics and economic development, the Company pursued differentiated business cooperation on a "city-specific" policy basis to precisely match local financial development needs. Meanwhile, it steadily explored cooperation pathways in key node cities along the Belt and Road Initiative, and ceaselessly expanded the breadth and depth of regional asset deployment to realize rational and balanced regional asset distribution.

Deeply cultivate high-quality customer base to foster the core foundation for asset development. Adhering to a customer-oriented philosophy, the Company took customer cultivation as the core driver of asset deployment and continued to identify, cultivate, manage and upgrade the quality of viable customers. It concentrated on prime, viable and resilient customers, i.e., those who had been deeply committed to their core businesses, focused on market demand, been well-governed, demonstrated remarkable resilience against industry cycles, been endowed with core competitive advantages and brand strength, maintained robust operating cash flows, reasonable and manageable debt levels and debt structures. They formed the cornerstone of the Company's high-quality asset development.

Deepening customer cultivation and precise development, the Company carried out targeted customer development according to region-specific strategies tailored to local realities by staying abreast of the development patterns of national-level industrial clusters and regional pillar or distinctive industries. It expanded into customers' industrial ecosystems, and maintained and improved a customer list management system to tap into the needs of prime customers in a targeted manner, thereby enabling precise marketing and efficient services under the premise of fully controlled risk.

Strengthen quota management and achieve a dynamically balanced and rational layout. The Company established and refined a three-dimensional quota management system covering industry, region and customer. It integrated quota management throughout asset allocation and business operation processes to manage risk exposure from a single dimension and single entity at its source. Based on macroeconomic conditions, industrial shifts, regional development and customer quality, the Company dynamically improved risk control strategies and constantly adjusted those strategies as needed to ensure alignment between asset allocation and market changes.

The Company continuously refined the assessment and evaluation mechanism aligned with risk appetite, augmenting its traction and constraining effect on operational decisions and resource allocation. It optimized its capital flow based on scientific assessments, thereby improving the efficiency of financial resource allocation and capital utilization. With multi-pronged quota controls, dynamic strategy adjustments and scientific assessment guidance, the Company effectively mitigated concentration risk, realizing moderate diversification of assets across industries, regions and customer groups to foster a more rational, balanced and healthy asset layout.

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III. Conducting precise review of group clients and strengthening key security defenses

The overall improvement in client quality had driven a significant increase in the proportion of group clients. Centering on refined risk control throughout the entire process, the Company intensified its efforts at every stage of credit granting, from customer onboarding, analysis and assessment to risk prevention, for group customers. This approach ensured comprehensive screening, professional analysis, rigorous prevention and precise mitigation of credit risks associated with group clients, effectively fortifying the Company's asset security defenses.

1. Onboarding – full visibility and clarity

View the group as whole. The Company not only collected consolidated statements of a group, but also required the statements of the group company and financial statements of subsidiaries as supplementary information for key targets included in the assessment. In addition to financial information, the Company also collected non-financial information such as the group's shareholding structure, governance structure and organizational structure. Taking into account the requirements of completeness and significance, information on assets and operations, key investments and targets for financing cash flows, as well as information on affiliated targets with large amounts of capital exchanges and frequent transactions with the core targets were also collected and included in the overall analysis. Guided by the "substance over form" principle, the Company conducted thorough due diligence and balanced costs and benefits to effectively calibrate the depth and breadth of due diligence.

See through the essence of customers. Regional information verification was intensified by continuously improving information verification methods and on the basis of strengthening industry analysis and upstream and downstream cross-verification. Leveraging the nationwide presence of its operations, the Company cooperated with customers' local capital providers, upstream and downstream partners, industry peers, employees and management as well as local citizens and governmental authorities, to comprehensively understand customers' creditworthiness, fulfillment of obligations, operations, development history, professional capabilities, legal tax payment and compliance and clearly identify group customers' operational and financial positions, thus fully grasping their underlying issues and continuously improving the 360° risk view.

The Company insisted on the integrated application of the negative list and cross-verification due to the high risk of information asymmetry and weak risk resistance of some enterprises. It also strengthened customer screening, delineated the red line for customer shortlisting and clarified the bottom line for customer admission.

2. Review – thorough understanding and grasping the essence

During the review, quality control reviewers must understand both industries and customers, examine customers' operational and financial health from an industry perspective, and identify affiliated parties and underlying risks to render professional judgments.

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Understand industry trends. Group customers often involves multiple entities and spans numerous industries. For this reason, the Company assigned a number of quality control reviewers with specialized industry expertise and experience to lead the credit review for such customers. Complex cases were headed by the primary industry reviewer; other industry reviewers were consulted for joint review. For even more complicated cross-industry projects, a major-project review process was initiated, in which various industry experts from relevant fields were invited to conduct a multi-disciplinary consultation, ensuring precise grasp of relevant industry trends and preventing risks arising from inadequate industry understanding.

Understand the operational model. Group customers have high-level requirements for the consolidation of financial statements, and a high complexity of overall assessment. Quality control reviewers, by analyzing the financial statements of the parent company, subsidiaries, and other affiliates, quantitatively assessed the group's overall financial condition and operating results to understand their business model, profit characteristics, and financial performance. They also gained comprehensive insights into the group customers' profitability, cash flows and operations, the group's major investment projects and their fundraising arrangements, as well as its ability and performance in respect of financing, enabling an extensive evaluation of its solvency. At the same time, they had a precise understanding of the group's industry position, business strategies, market competitiveness and management competence, and maintained a relatively precise grasp of the effect of its non-financial factors, such as major litigation matters and related party transactions, on the group's solvency and creditworthiness.

Identify affiliated parties. The Company accurately identified the related relations among the member companies of the group customers and reasonably defined the scope of the targets under assessment; assessed a group's overall risk capacity, reasonably allocated credit limits, and prevented excessive credit limits and over-concentration of risks. The Company recognized the related relations between a group and its subsidiaries and the strength of their relations through information on shareholding relationship, decision-making chains, personnel appointments and dismissals, and financial coordination. The targets with strong related relations are included in the scope of the targets under assessment for overall analysis.

Identify underlying risks. The Company was capable of identifying the underlying risks – such as ambiguous control rights, weak corporate governance, information inaccuracy or asymmetry, affiliated benefit transfers or fund misappropriation, multiple credit extensions and concentration risks, cross-industry homogeneous risk overlaps, unrelated diversification and management risks, investment failures and debt accumulation risks, mutual guarantee risks, short-term borrowing for long-term investments, and liquidity risks – even under constrained time and limited information, by meticulously dissecting complexities and cutting through the obscurities.

By integrating quantitative and qualitative analysis and drawing on the extensive review experience of experts, reviewers ensure that they truly understand both industry trends and the operating models of customers and can identify affiliated parties and underlying risks.

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3. Prevention – accurate prevention and resolute defense

Accurate risk prevention. The Company possessed an accurate grasp of every type of risks and their significance, coupled with a rational understanding of both the probability of occurrence and the impacts of risks. It effectively hedged diverse risks in a relatively accurate manner by adopting various risk control measures, such as careful choice of credit subjects, control of credit limits, arrangement of repayment maturities and schedules, and implementation of collateral and guarantees. The Company carried out penetrative management of credit limits. They were managed thoroughly across all business departments and group customers to ensure that the overall exposure remained under control. A tiered management approach was also implemented. The credit limit of a group as a whole was determined based on the overall capacity of the group customer. At the same time, the credit limits of subsidiaries were determined based on the capacity of the lessees and the strength of the collateral structure. A cap was set for each target's credit limit, and the sum of all credit limits shall not exceed the cap of the group's overall credit limit. The full-scope management and stratification management of credit limits were correspondingly managed and dynamically updated through the information system, allowing real-time inquiry of the credit appropriation and available credit of a group and its subsidiaries with accurate results. Credit overload was also automatically restricted and prompted.

Robust lines of defense. No unknown risk was overlooked, and no material risk was omitted. For known risks, the Company scientifically selected appropriate risk-mitigation tools. For major projects, escape routes were designed and a "dual-insurance" model was activated. For established collateral and guarantee measures, the Company ensured that they could cover the pre-determined timeframe and considered the potential changes that may occur during the future lease period in assessing the reasonableness, practicality, and effectiveness of those measures. The Company improved the tracking analysis and risk monitoring of group customers after credit granting, and strengthened the continuity, relevance and effectiveness of the management of tracking analysis. It also strengthened its review mechanism of group customer risk investigation and risk cases. Recognition of industry and regional risk characteristics, customer analysis methods, and the effectiveness of risk hedging measures were applied in credit assessment, and verified and closed loop in case review.

Each of the above stages performed its distinct role, interlocking precisely and operating seamlessly. During the year, the Company maintained a relatively safe risk profile in respect of its group customer, and recorded no major risk events.

IV. Strengthening strict management with multi-pronged efforts to safeguard the bottom lines of operational conduct and the red lines of compliance

The Company continued to reinforce compliance culture development by enhancing employees' compliance awareness, refined operational management by solidifying and strictly enforcing primary responsibilities, strengthened personnel coordination, maintained the approach of addressing both symptoms and root-causes, and pursued long-term management improvements.

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Continuously reinforcing compliance culture development by enhancing employees' compliance awareness

The Company abided by the core principle that compliance would reduce risk and create value. Taking the initiative to embrace the evolving financial regulatory landscape, it implemented multi-dimensional measures and enforced rigorous oversight throughout the entire process to ensure full compliance with regulatory requirements and continuous optimization of operational management systems. It resolutely safeguarded the red lines of compliance and the bottom lines of operational conduct, thereby securing stable business operations.

Through online video courses, offline group learning sessions and self-assessment quizzes, the Company organized compliance training and exchange activities for all employees. It facilitated self-evaluations and cross-evaluations among employees, guiding everyone to thoroughly analyze issues, implement rectifications and uphold professional ethics. By promoting the idea of internalizing compliance principles and putting them into practice, the Company fostered a widespread compliance culture where compliance cases were fully understood and internalized by employees.

Continuously refining operational management by clarifying red lines and bottom lines, and imposing clear responsibilities

The Company carried out rigorous management and clearly stated the requirements of "two lines". Guided by bottom-line thinking, the Company integrated stringent standards throughout the entire operation and management process, tightened the standards of red lines of compliance and bottom lines of operational conduct, tightened the supervision of every operational step, and tightened accountability along every line, while increasing the severity of penalties. It closely tracked external regulatory policy updates, internalized external rules, and dynamically adjusted and explicitly announced the red lines of compliance and the bottom lines of operational conduct. The Company systematically sorted out employees' compliance and performance requirements, common non-compliance risks, and prohibitive requirements, and strengthened the publicity and guidance through special courses on compliance and internal control, setting management rules stipulating that "there is a law to be followed, the law must be followed, law enforcement must be strict, and violations of the law must be investigated".

The Company strengthened the three lines of defense and imposed clear responsibilities. It continued to strengthen the due diligence before credit granting, evaluation during credit granting and asset inspection after credit granting as three lines of defense, and focused on improving the operational quality of the front-line due diligence before credit granting. The Company continuously consolidated the standard system of position responsibilities, job contents and operation process throughout credit granting, and gave full play to the roles of self-inspection and mutual inspection on correction. A multi-dimensional compliance performance framework was established to improve risk profiling of employee behaviors and effectively evaluate and manage various compliance risks. For key personnel, including both new and existing employees as well as specialized roles, the Company reinforced operational and managerial accountability across all levels while enhancing oversight of their duties throughout the entire process. It also strictly implemented full-process supervisory checks, balances and management requirements regarding incompatible positions to fully eliminate supervision blind spots. Meanwhile, the Company fortified the entire process walkthrough test and stepped up the supervision and inspection of key links and key operating processes, ensuring standardized operation and effective management at every stage.

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Continuously strengthening personnel coordination and maintaining the approach of addressing both symptoms and root-causes as well as long-term management

The Company enhanced line-wide accountability and continued its persistent efforts to address both symptoms and root-causes. It strictly held operators, managers and leaders accountable for any risk incident across the entire line, and prohibited "promoting employees despite known misconduct". The Company regularly reviewed typical internal and external cases of violations and carried out opposite warning education to guide all employees to learn from past mistakes and prevent erroneous ideas at the outset. The Company managed problems based on the "three-step" methodology of identifying, analyzing, and solving problems. It strictly implemented the "three musts" rectification principle, driving operational optimization, management enhancement and personnel competency improvement through problem rectification.

The Company improved long-term mechanisms to drive continuous improvement. It implemented long-term management and control measures, such as the suspension and restoration of business qualifications, the penalty cards for operational quality, and the targeted publication of operational reminders and risk warnings, so as to closely tie operational quality to performance appraisal and integrate the results of operational penalties into the employment mechanisms, thereby enhancing the pertinence and effectiveness of linking personnel and matters. The Company regularly launched specialized management enhancement activities, and developed a systematic model to inspect and make up for the shortcomings, in a bid to optimize its management system on an ongoing basis. Besides, the Company strengthened the tracing of the root causes of risks, and fortified the communication and discussion mechanism for complicated cross-post operation problems. The Company also continued to conduct all-staff training and communication on the positive and negative cases, focused on the old and new problems during operation, and applied the problem reflection and improvement measures to daily management and operation, leading to sustained improvement in management capabilities and operational proficiency.

The Company concurrently advanced the business continuity management system, further refined its supporting management systems, optimized the operating mechanisms of existing systems, conducted comprehensive business impact analyses, refined emergency plans, and carried out regular business continuity drills to fully enhance its ability to ensure continuous business operations.

V. Empowering risk management with technology and building a comprehensive and multi-dimensional safety barrier

By iterating and upgrading its business systems, the Company stepped up the integrated application of financial technology and its empowerment values in operation and management, fostering a profound integration of group-wide operation and management with cutting-edge technologies. The management precision and operational effectiveness of the digital, intelligent and mobile risk control middle platform were continuously elevated. Meanwhile, through the proactive exploration of the application of advanced financial technologies, the Company implemented forward-looking risk control strategies and strengthened security defenses for technological deployment, fully empowering the development of risk control scenarios across the Group's diverse product lines.

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Promote digital development and reinforce the Group's risk control data foundation. The Company continued to refine its database system, integrating data from various sources in a unified manner to consolidate the digital foundation required for future business development and risk control needs across the Group. Regular data governance initiatives enhanced data quality and offered precise data support for decision-making on risk control. Building upon standardized product lines, the Company mapped out and implemented ecosystem-based and scenario-based evolutions in a scientific manner. Unified management of data interfaces completely broke down data silos, enabling greater possibilities, flexibility and redundancy for cross-border business ecosystem synergies.

Upgrade intelligent capabilities and build an AI-driven middle platform for risk control. By accessing broad and superior data resources across various channels, the Company provided more comprehensive and accurate inputs for AI – driven data analysis and model ratings. It intensified the scenario-based application of biometric technologies such as image and voice recognition, and continuously refined machine learning algorithms based on user behavior to improve the accuracy of real-time dynamic alerts and the effectiveness of AI-assisted decision-making. The Company fully integrated intelligent risk 360° views, risk control scenarios, and risk management tools. Furthermore, it enhanced its online management system to cover multi-customer profiles, all business entities, full product offerings, and end-to-end lifecycles, enabling intelligent, model – driven, automated, cloud-shared, and fully closed-loop risk control mid-office operations with tiered management and cross-functional collaboration.

Promote mobile development to meet full-scenario operational requirements of risk control. The Company specifically developed cross-platform, portable and lightweight applications tailored for smartphones, tablets, desktops and other devices to facilitate business operations and risk management. In addition to daily online interactions, an intuitive offline-operation version was created to break time and space constraints, enabling anytime, anywhere and around-the-clock usage across diverse business scenarios and considerably improving the efficiency of risk control operation.

Step up forward-looking explorations and boost risk prediction and prevention capabilities. The Company persistently explored multi-scenario implementations and applications of cutting-edge technologies such as big data, blockchain, DeepSeek AI and fusion models in the field of risk control. Through intelligent, automated and multi-dimensional data analysis and leveraging the extensive hands-on experience of its professional quality control team, the Company further strengthened its risk control system as well as risk assessment and prediction capabilities of "predicting the future based on the past". This enabled forward-looking identification and preemptive prevention of risks, and supported high-quality operations by review personnel.

Fortify the defense for safe operation and reinforce protective barriers for information systems. While the development of artificial intelligence technologies empowers security defenses, it also poses higher requirements and more complex challenges to cybersecurity and data security. The Company conducted comprehensive identification, scientific evaluation, real-time monitoring, and proactive defense against information technology risks on a regular basis, maintaining them within reasonable and controllable limits. With the enforcement of strict data security responsibilities, the Company established a full-lifecycle security system to safeguard customer data on all fronts at a high standard. During the year, the Company recorded no major network and information security incidents, and thereby established a robust safety barrier for the stable operation of the Group's risk control system.

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7.2 Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings and lease receivables and other loans.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modelling). The Group aims to continuously monitor the impact of prospective interest rate movements which could reduce future net interest income, while actively using interest rate swaps and other financial instruments to hedge interest rate risk exposure. The distribution of interest rate sensitive assets and liabilities of the Group is as follows:

	As of 31 December 2025	As of 31 December 2024
	RMB'000	RMB'000
Variable interest-earning assets	816,312	381,459
Variable interest-bearing liabilities	(145,555,501)	(113,020,111)
Monetary funds and others	31,814,552	30,495,037
Derivative financial instruments	44,703,423	53,594,294
Net exposure	(68,221,214)	(28,549,321)

The table below demonstrates the sensitivity to a reasonably possible change in interest rate, to the Group's profit before tax with all other variables held constant. The sensitivity of the profit before tax is the effect of the assumed changes in interest rates (such as the RMB loan market quoted interest rates) on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to re-pricing within the coming year.

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	Increase/(decrease) in profit before tax of the Group	
	As of 31 December 2025	As of 31 December 2024
	RMB'000	RMB'000
Change in basis points		
+100 basis points	**(304,572)**	(40,610)
– 100 basis points	**310,172**	51,226

7.3 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the operating activities of the Group (when receipt or payment is settled using a currency that is different from the functional currency).

The Group conducts its businesses mainly in RMB, with certain transactions denominated in US$, and to a lesser extent, other currencies. The Group's exposure to foreign exchange risk mainly arises from its transactions in currencies other than RMB. The Group adopted prudent foreign exchange risk management which hedges risk exposures one by one under comprehensive risk exposure management. The Group proactively hedged against foreign exchange exposure based on the currency and terms by using financial instruments such as foreign exchange forwards and currency swaps. According to relevant statistics, as at 31 December 2025, the Group's actual exposure to foreign exchange risk amounted to approximately US$7,813 million, hedges against foreign exchange exposure amounted to approximately US$7,725 million with the hedge ratio (percentage of the aforesaid two items) of approximately 98.87% (approximately 96.09% as at 31 December 2024). The Group's actual exposure to foreign exchange risk is limited.

The table below demonstrates the effect of reasonable potential changes in exchanges rates of RMB arising from actual exposure to foreign exchange risk, with all other variables held constant, on the Group's equity interest.

	Increase/(decrease) in equity interest of the Group		
	Change in RMB exchange rate	**As of 31 December 2025**	As of 31 December 2024
		RMB'000	RMB'000
Effect on the profit before tax	+1%	**6,207**	18,632

The effect above was based on the assumption that the Group's foreign exchange exposures as at the end of each reporting period are kept unchanged and the average percentage of foreign exchange exposure with hedges remained as above so as to calculate the effect of exchange rate change on equity interest.

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7.4 Liquidity Risk

Liquidity risk refers to the risks that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Group manages its liquidity risk through daily monitoring with the following objectives: maintaining the stability of the leasing business, projecting cash flows and evaluating the level of current assets, and maintaining an efficient internal fund transfer mechanism to ensure liquidity of the Group. The following table sets forth the Group's liquidity-related indicators as of the dates indicated.

	31 December 2025	31 December 2024
Liquidity coverage ratio[(1)]	271.86%	255.03%
Proportion of short-term liabilities[(2)]	50.43%	55.34%
Liabilities/total credit lines[(3)]	59.76%	57.17%

Notes:

(1) Liquidity coverage ratio = (position + collection of lease payments within one month)/rigid payment outflows within one month;

(2) Proportion of short-term liabilities = (interest-bearing liabilities due within one year + bills payable due within one year)/(interest-bearing liabilities + bills payable + convertible bonds);

(3) Total liabilities/credit lines = (interest-bearing liabilities + bills payable + convertible bonds)/total credit lines.

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The table below summarizes the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				As at 31 December 2025			
Total financial assets	23,706,142	56,201,826	127,055,116	140,120,072	3,265,640	3,666,752	354,015,548
Total financial liabilities	273,255	51,892,883	104,913,994	150,793,282	6,194,976	–	314,068,390
Net liquidity gap	23,432,887	4,308,943	22,141,122	(10,673,210)	(2,929,336)	3,666,752	39,947,158
				As at 31 December 2024			
Total financial assets	23,152,173	53,443,927	129,036,978	128,106,337	3,302,447	2,927,678	339,969,540
Total financial liabilities	2,839,175	52,016,681	103,466,846	139,285,264	6,858,033	–	304,465,999
Net liquidity gap	20,312,998	1,427,246	25,570,132	(11,178,927)	(3,555,586)	2,927,678	35,503,541

7.5 Operational Risk

The Group continuously enhanced the internal control mechanism of various industrial groups and continued to improve the management over HSE major risks. The Group further strengthened the headquarters' effectiveness of implementation of policies and professional guidance and management, ensuring that the overall operational process risks were under control.

8. CHARGE ON GROUP ASSETS

As at 31 December 2025, the Group had lease receivables of RMB47,335,335,000, long-term receivables of RMB227,848,000, financial assets at fair value through profit or loss of RMB7,110,644,000, cash of RMB10,177,069,000, property, plant and equipment of RMB7,411,336,000 pledged or paid to banks for bank borrowings, and cash of RMB250,473,000 pledged for bank acceptances, letter of credit and etc..

MANAGEMENT DISCUSSION AND ANALYSIS

9. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

In 2025, the number of hospitals controlled by the Group was 25 with the actual number of beds available amounting to approximately 10,000. A nationwide hospital operation network covering Eastern China, Southern China, Northern China, Southwest China, and Northeast China had been formed. The Group continued to adjust its business structure, optimize asset efficiency, and accelerate strategic upgrading and transformation. Under the operation of "One system, One network, One hospital" and for the future operation vision, the Group will include the above hospitals in the unified operation and management model, and under the main theme of discipline development and construction, efforts will be made to increase the core competitiveness of the hospitals and achieve higher income. For further details, please refer to the discussion and analysis in item 14 of this section.

In 2025, the Group operates one non-compulsory school. The Company insists on a high-quality positioning of school operations, and takes the responsibility of cultivating elites for the society. Its high schools have formed a good brand in the local area and are widely recognized by parents. The high school attained excellent results regarding further studies, with an admission rate of over 95% for the top 100 universities in the world, and has helped outstanding students to enter top schools such as Oxford, Cambridge and Ivy League for successive years.

In 2025, the Group did not conduct any material investment as defined under Rule 32(4A) of Appendix D2 of the Listing Rules or any material disposal as defined under Rule 32 (5) of Appendix D2 of the Listing Rules.

10. HUMAN RESOURCES

As of 31 December 2025, the Group had 18,825 full-time employees (including 4,620 employees for finance business, among which 2,294 employees are in the inclusive finance business; and 14,205 employees for industrial operation), a decrease of 346 full-time employees as compared to 19,171 (including 3,694 employees for finance business, among which 1,458 employees are in the inclusive finance business; and 15,477 employees for industrial operation) as at the end of 2024.

The Group believes it has a high quality work force with specialized industry expertise. As at 31 December 2025, approximately 67.2% of the Group's employees had bachelor's degrees or above, and approximately 8.7% had master's degrees or above.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1 Incentive Schemes

The Group has established effective employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the Company rather than operating results, and has established a merit based remuneration awards system. Employees are promoted not only in terms of position and seniority, but also in terms of professional classification. Our senior employees are reviewed every quarter on the basis of, among other criteria, their performance as business leaders to achieve stipulated performance targets (such as budget targets) and their risk management capabilities on the operational matters under their charge.

With a view to promoting the Group to establish and improve the medium-long term stimulation and restriction system for fully motivating the enthusiasm of the management, attracting and retaining excellent management talents, and effectively integrating the interests of Shareholders, the Company and the management to guarantee the long-term, stable and healthy development of the Group, the Board of the Company considered and passed the program of setting up the equity incentive plans (including the share option scheme and restricted share award scheme) in 2014, 2019 and 2024.

The Company adopted a share option scheme (the "2014 Share Option Scheme") on 7 July 2014. Since the total share options under the 2014 Share Option Scheme had been fully granted, on 5 June 2019, the Company adopted a new share option scheme (the "2019 Share Option Scheme") to incentivize and reward the selected participants thereunder. The Company also adopted a restricted share award scheme (the "2014 Restricted Share Award Scheme") on 11 June 2014 and made certain amendments to such scheme on 2 June 2016 and 20 March 2019. For details of the 2014 Share Option Scheme and the 2019 Share Option Scheme, please refer to the 2019 annual report of the Company. For details of the 2014 Restricted Share Award Scheme, please refer to the announcements of the Company dated 11 June 2014, 2 June 2016 and 20 March 2019.

As all restricted shares and all share options under the 2014 Restricted Share Award Scheme and the 2019 Share Option Scheme have been fully granted, the Company has adopted a new restricted share award scheme (the "2024 Restricted Share Award Scheme") on 13 March 2024, and a new share option scheme (the "2024 Share Option Scheme") on 5 June 2024. For details of the 2024 Restricted Share Award Scheme, please refer to the announcement of the Company dated 13 March 2024. For details of the 2024 Share Option Scheme, please refer to the announcements of the Company dated 13 March 2024 and 5 June 2024, as well as the circular dated 2 May 2024.

10.2 Employee Benefits

In accordance with applicable PRC regulations, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. The Group also provides supplemental commercial medical insurance, property insurance and safety insurance in addition to those required under the PRC regulations. As of 31 December 2025, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material aspects.

MANAGEMENT DISCUSSION AND ANALYSIS

11. CIRCUMSTANCES INCLUDING CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

11.1 Contingent Liabilities

The table below sets forth the total outstanding claims as of each of the dates indicated.

	As of 31 December 2025	As of 31 December 2024
	RMB'000	RMB'000
Legal proceedings:		
Claimed amounts	–	236

11.2 Capital Commitments and Credit Commitments

The Group had the following capital commitments and irrevocable credit commitments as of each of the dates indicated:

	As of 31 December 2025	As of 31 December 2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for acquisition of property, plant and equipment	**48,162**	215,716
Irrevocable credit commitment(1)	**7,147,750**	14,010,442

Note:

(1) The Group's irrevocable credit commitments primarily represent finance leases that have been signed but the term of the lease has not started.

MANAGEMENT DISCUSSION AND ANALYSIS

12. FUTURE OUTLOOK

Currently, China's development has entered a period where strategic opportunities, risks and challenges coexist, with increasing uncertainties and unpredictable factors. Persistent economic obstacles and emerging challenges remain daunting, while external environmental shifts impose deeper impacts. Domestically, there is a prominent imbalance between strong supply and weak demand, with many hidden risks threatening key sectors. Nevertheless, the supporting conditions and underlying trends for China's long-term sound economic development remain unchanged. The Company will further solidify its strategic direction by integrating financial services with industrial operations to continuously build differentiated competitive advantages, broaden its moat and serve industrial upgrades and urban renewal. Taking "model innovation" as its development driver, the Group will innovate service modes and improve operational efficiency, thereby creating new incremental value for shareholders, customers, creditors, governments and employees.

In respect of financial services, the Company will keep a twin focus -serving industries and serving cities. For serving industries, it will, on the one hand, accelerate resource coordination, extend the collaboration network and strengthen integrated service delivery to secure a top-tier customer base. On the other hand, it will dynamically review customer distribution and asset performance to meet the need for the downward expansion of the inclusive finance business. In terms of serving cities, with the ongoing implementation of the "3+X" model, the Company will develop more and stronger service offerings and strive for further "0 to 1" explorations, aiming to optimize regional asset layout while meeting the differentiated demand of various cities.

In respect of industrial operation, Horizon Construction Development will adhere to its market-oriented and customer-centric approach, expedite asset and business restructuring, and deepen strategic upgrades and system reform. Domestically, with a focus on lean operation, it will endeavor to intensify customer outreach, craft sector-specific solutions, optimize asset allocation and diversify business lines. These efforts will be geared towards developing a more sophisticated and efficient full-cycle operation system, while cultivating an urban ecosystem to unlock asset values. Abroad, staying committed to the dual-wheel drive strategy – deepening existing markets while expanding into new ones, it will iterate operational models and strengthen local management capabilities to pursue economies of scale and profit growth in countries with established business presence. Meanwhile, it will systematically evaluate potential markets in, among others, Africa, South America and Asia, in a bid to prudently push forward strategic expansion and broaden its international footprint. The Group will advance the synergistic development of domestic and international operations with concrete strategies, agile responsiveness and solid execution, moving toward a stage of higher-quality development.

Horizon Healthcare will actively respond to the national strategies of "Healthy China" and "Actively Responding to Aging Population", and continue to focus on its layout in third-, fourth-, and fifth-tier cities and counties with relatively weak medical resources. With the mission of "good medical care not far away", it will completely demolished the two barriers. Adhering to the principle of "centering on patient and healthcare", it will accelerate upgrades from the process of treatment to health management, meet medical needs at different levels and classification through flexible methods, and establish platform-based and ecological operation. With the goal of improving the medical and health levels of counties and reducing the growth rate of medical insurance expenditures, it will fully meet the needs of counties for medical healthcare services, and build the healthcare management medical group with global vision. It aims to achieve long-term and sustainable development and step towards its vision of "building a long-living Horizon Healthcare brand that the government is pleased to see, the industry recognizes and in which people have confidence".

MANAGEMENT DISCUSSION AND ANALYSIS

13. EQUIPMENT OPERATION SEGMENT REPORT

Horizon Construction Development is a leading equipment operation service provider in China established by the Group. In 2025, committed to providing one-stop comprehensive solutions of "product + service" for its customers in the construction and industrial sectors both at home and abroad, Horizon Construction Development ranked the 11th place in IRN World's Top 100 Rental Companies, which is awarded by KHL Group, one of the world's largest international building information providers, On 25 May 2023, Horizon Construction Development was officially listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9930).

As at 31 December 2025, the Group's direct shareholding in Horizon Construction Development was 41.69%, and the Group controlled 3.19% of the voting rights of Horizon Construction Development through Farsighted Wit Limited. Horizon Construction Development is a subsidiary of the Company and its results are consolidated in the financial statements of the Company. The key financial data are shown in the table below:

	For the year ended 31 December		
	2025	2024	
	RMB million	RMB million	Change %
Total revenue	**9,359.19**	11,581.06	-19.19%
Gross profit	**2,466.44**	3,774.60	-34.66%
Total profit	**208.87**	1,200.16	-82.60%
Profit for the year attributable to ordinary shareholders of the Company	**146.98**	896.32	-83.60%
Return on average assets	**0.4%**	2.6%	-2.20%
Return on average equity	**1.3%**	8.1%	-6.80%

	31 December 2025	31 December 2024	
	RMB million	RMB million	Change %
Total assets	**36,368.35**	36,434.18	-0.18%
Total liabilities	**25,043.50**	24,975.83	0.27%
Total equity	**11,324.85**	11,458.35	-1.17%
Gearing ratio	**68.9%**	68.6%	0.30%

MANAGEMENT DISCUSSION AND ANALYSIS

14. HOSPITAL OPERATION SEGMENT REPORT

In 2025, the number of hospitals controlled by the Group was 25 with the actual number of beds available amounting to approximately 10,000. A nationwide hospital operation network covering Eastern China, Southern China, Northern China, Southwest China, and Northeast China had been formed. The Group will adhere to the differentiated layout, and fully promote the "Hundred Counties Plan" to "take root" in various regions in China with positive and steady momentum. It also helps counties to achieve "two improvements and one reduction" (i.e. improving the medical care and health levels of counties, and reducing the growth rate of medical insurance expenditures) through operational upgrades and management enhancements, aiming at "building a long-living Horizon Healthcare brand that the government is pleased to see, the industry recognizes and in which people have confidence".

In view of the rapid changes in the environment, Horizon Healthcare maintained an innovative mindset, drove strategic upgrades, pioneered business models and leveraged its operational advantages as a group. It continued to strengthen the service link between high-quality medical resources in first – and second-tier cities and patients in disease origin, and promoted the construction of a hospital-centered healthcare ecosystem so that people in the region can enjoy diverse and multi-level medical and healthcare services nearby. The introduction of cutting-edge medical concepts and resources further enabled Horizon Healthcare to enhance its medical services and expand its international perspective.

The key financial data of the hospital operation segment are shown in the table below:

	For the year ended 31 December		
	2025	2024	
	RMB million	RMB million	Change %
Total revenue from hospital operation[1]	**3,571.89**	4,092.55	-12.72%
Total costs from hospital operation[2]	**(2,904.32)**	(3,275.34)	-11.33%
Gross profit from hospital operation	**667.57**	817.21	-18.31%
Gross profit margin from hospital operation	**18.69%**	19.97%	-1.28%
Profit before tax	**164.91**	345.27	-52.24%
Profit for the year	**82.54**	231.51	-64.35%

MANAGEMENT DISCUSSION AND ANALYSIS

	31 December 2025	31 December 2024	
	RMB million	RMB million	Change %
Total assets	**6,208.47**	6,550.25	-5.22%
Of which: fixed assets and intangible assets(4)	**3,331.19**	3,451.76	-3.49%
Right-of-use assets(5)	**534.51**	576.28	-7.25%
Accounts receivables	**543.38**	791.35	-31.34%

Notes:

(1) The revenue from hospital operation of the Group mainly comprises of revenues from outpatient, inpatient and other revenues. Horizon Healthcare extends the scope of healthcare services based on its advantages in medical services, continues to innovate service models, and creates a new platform for health services. Adhering to its "five major concepts of hospital operation", Horizon Healthcare differentiates its layout, takes root in counties and operates locally while focusing on the healthcare needs of millions of residents in counties, and providing full-cycle, one-stop comprehensive services from medical care to health. The Group fully utilized its advantages as a group, and the member hospitals exerted their functions as a supplementary medical service provider in the local medical market. Facing the changes in healthcare demands of citizens and the complex hospital service environment, the Group placed an emphasis on the improvement in revenue quality and the revenue structure adjustment, resulting in a decrease in revenue.

(2) The costs of hospital operation shown in the Group's consolidated financial statements for 2025 decreased to RMB2,904 million from approximately RMB3,275 million in 2024. The costs of hospital operation of the Group primarily included labor costs, pharmaceutical supplies, inspection costs and other costs, which were lower than that of 2024 as a result of revenue structure adjustment and cost reduction and efficiency initiatives.

The Group focused on process management and control, empowering the improvement of discipline connotation. Through measures such as enhancing professional technology, introducing expert resources and building flagship hospitals, the Group set benchmarks and led development. The Group also promoted centralized procurement empowerment, dug deep into digital work effects, established a quality management system, constructed a patient safety management model, optimized the quality management operation mechanism, adhered to the bottom line of legal compliance, and continued to consolidate the baseline of hospital compliance and healthy development, constructing a medical quality management system with the Group's characteristics to advance the high-quality development of hospitals.

(3) This analysis of hospital operation segment profit statement has not taken into account the impact of shareholders' borrowings, goodwill and impairment of fixed assets.

(4) Fixed asset and intangible assets mainly comprised medical equipment and buildings of each hospital.

(5) Right-of-use assets mainly comprised the rent for hospital sites.

MANAGEMENT DISCUSSION AND ANALYSIS

15. INCLUSIVE FINANCE SEGMENT REPORT

	For the year ended 31 December		
	2025	2024	
	RMB million	RMB million	Change %
Interest income	**3,540.63**	1,571.86	125.25%
Average yield on assets[1]	**15.71%**	10.79%	4.92%

	31 December 2025	31 December 2024	
	RMB million	RMB million	Change %
Net interest-earning assets	**28,178.94**	17,247.65	63.38%
Less: provision for interest-earning assets	**(453.76)**	(244.49)	85.59%
Net interest-earning assets	**27,725.18**	17,003.16	63.06%
As a percentage of the Group's net interest-earning assets	**10.36%**	6.62%	3.74%

Note:

(1) Average yield represents the quotient of interest income as divided by average balance of interest-earning assets as at the beginning, middle and end of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

As the segment specialized in the financial leasing business of micro, small and medium-sized enterprises in the Group, the inclusive finance segment continues to dip deep into the long-tail market in economically developed areas such as those along rivers and coasts, and provides a wide range of financial products and services for vibrant downstream customers to effectively address the various funding needs of micro, small and medium-sized enterprises, such as the purchase of equipment, investment in research and development, and replenishment of liquidity, thereby assisting these enterprises to develop steadily and injecting vitality into the real economy. As at 31 December 2025, the Group had set up over 80 inclusive finance business outlets in more than 20 provinces across the country, forming a relatively comprehensive customer service network, which enables the Group to respond to customers promptly and provide customers with efficient and convenient funding solutions and related services.

Since its establishment in 2019, the inclusive finance segment has cumulatively served over 30,000 micro, small and medium-sized enterprises situated in cities with developed manufacturing industries, such as Suzhou, Ningbo and Dongguan, and gained wide recognition within and outside the industry. The inclusive finance segment was awarded the "Soaring Prize" in China's financial leasing for six consecutive years from 2020 to 2025 by the Competitiveness Forum of the Global Leasing Industry, and the "Most Influential Financial Leasing Company" from 2022 to 2023. It was also awarded the "Enterprise of the Year Award for Excellence" by the 11th China Leasing Annual Conference in 2023, the "Leading Enterprise of Inclusive Leasing" from 2024 to 2025, and the "Star Cup", the Polaris award for the year, by the 13th China Leasing Annual Conference in 2025. Furthermore, after years of dedicated development in the inclusive finance sector, Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited, the primary platform company in the inclusive finance segment, obtained an AAA issuer credit rating upon its first assessment during the year, with a "stable" outlook. In September 2025, it successfully issued an asset-backed note with a total scale of RMB1,180 million on the back of its own credit. Moving forward, the inclusive finance business will continue to expand diversified financing channels and optimize funding structures, injecting robust financial momentum to continuously enhance its capacity to serve the real economy.

Since its establishment, the inclusive finance business has persistently focused on tapping into the long-tail market, and acquired authentic and detailed operational information from customers through a "door-to-door" localized promotion model. It has gradually built a unique risk control model after reviewing the performance of its assets over the past few years. In order to build such model and accommodate subsequent asset growth, the Group continued to step up its human resources and increased the number of employees of the inclusive finance business from 1,458 as at the end of 2024 to 2,294 as at the end of 2025. These efforts have enabled the Group to achieve risk diversification across regions and industries while minimizing the average amount per asset, and maintain an optimal balance between returns and risks. Notably, despite the continuous expansion of frontline personnel, the Group has maintained industry-leading labor efficiency, further propelling the steady growth of interest-earning assets. In addition to investments in human resources, the Group continues to promote the digital, online, intelligent and automated construction of its inclusive finance business processes, and deepen the concept of efficient operation in serving micro, small and medium-sized enterprises, realizing "paperless" online operation throughout the entire process, and forming an industry-leading operation system through such technological means as online entry, remote due diligence, electronic contracting and direct bank-business connection. The Group has also introduced intelligent solutions such as AI pre-screening, due diligence assistants, fraud alerts, and model empowerment to elevate "decision-making intelligence", establishing a unique risk control system within the industry. The commercial logic of the inclusive finance business has progressively evolved from a "risk control" approach in the past to the "risk management" level.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the net interest-earning assets of the inclusive finance business of the Group amounted to approximately RMB28,180 million, representing an increase of RMB10,931 million or approximately 63.38% from the end of the previous year, and an increase to 10.36% of the Group's net interest-earning assets from 6.62% as at the end of the previous year. The business further showed the high turnover feature of assets. In 2025, the Group completed 50.7 project investments (2024: 27.2) on average every day, and the average amount of individual projects also gradually declined, showing higher efficiency of capital utilization. Benefiting from the steady growth in investment scale and the gradual increase in average yield on assets, total interest income from the inclusive finance business of the Group amounted to RMB3,541 million in 2025, representing an increase of 125.25% from RMB1,572 million in the previous year.

15.1 Asset Quality of Net Interest-earning Assets

The following table sets forth the five-category classification of interest-earning assets as of the dates indicated.

	31 December 2025		31 December 2024	
	RMB million	% of total	RMB million	% of total
Pass	26,632.47	94.51%	16,430.21	95.26%
Special mention	1,546.47	5.49%	817.44	4.74%
Substandard	–	–	–	–
Doubtful	–	–	–	–
Loss	–	–	–	–
Net interest-earning assets	28,178.94	100.00%	17,247.65	100.00%
Non-performing assets	–	–	–	–
Non-performing asset ratio	–		–	
Reversal of non-performing assets after write-off	84.01		17.05	

While ensuring efficient operations, the Group has also established a comprehensive risk management system for inclusive finance: on the business entry side, it adheres to the basic principle of risk-based pricing and has built an effective credit management system targeting small, medium and micro customers through the management of industrial, regional and operational risks; on the post-lease management side, it established a nationwide post-lease management team, and ensured prudent business operation and safe and solid asset quality through the combination of online and offline means of asset forewarning, collection and disposal.

In order to better reflect the operating results of the inclusive finance business, the Group has further adopted a write-off policy that is better aligned with its current business development for non-performing assets of the inclusive finance business since 2025, i.e. classifying the assets overdue for more than 30 days as non-performing assets and 100% write-off of non-performing assets as at the end of the period. As the inclusive finance business of the Group is under rapid growth, the gradual expansion of its written-off non-performing asset size may increase the amount and proportion of the Group's written-off non-performing assets during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the movement of non-performing assets of the Group as of the dates indicated.

	31 December 2025	31 December 2024
	RMB million	RMB million
At the beginning of the year	–	178.77
Downgrades	1,043.56	270.53
Upgrades	–	–
Recoveries	–	(36.62)
Write-off/disposal	(1,043.56)	(412.68)
At the end of the year	–	–
Non-performing assets ratio	–	–
Non-performing loan formation ratio(1)	6.05%	1.90%
Credit cost ratio(2)	5.19%	2.41%

Notes:

(1) Non-performing loan formation ratio = (the balance of non-performing loan at the end of the year – the balance of non-performing loan at the beginning of the year + write-off/disposal of non-performing loan for the year)/(net pass interest-earning assets at the beginning of the year + net interest-earning assets under special mention at the beginning of the year)

(2) Credit cost ratio = provision for interest-earning assets for the year/average balance of interest-earning assets.

As mentioned above, as the Group has adopted more stringent classification and write-off policies for non-performing assets of the inclusive finance business since 2025, the Group wrote off bad debts of RMB1.04 billion in respect of its inclusive finance business, which rose substantially as compared with that in 2024. The credit cost ratio for the year of the inclusive finance business was approximately 5.19% (2024: 2.41%), which was significantly higher than the average level of the Group, and also reflected the prudent and steady operation of the Group's inclusive finance business.

Looking ahead, the Group will continue to enhance the comprehensive service capability of its inclusive finance business through its continuous specialized operation to meet the diversified needs of small, medium and micro customers, and strive to expand the market size and operating contribution of the inclusive finance segment.

CORPORATE GOVERNANCE REPORT

The board of directors (the "Directors") of the Company (the "Board") is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards. The Group acknowledges the vital importance of good corporate governance to the Group's success and sustainability. We are committed to achieving a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, to enhance corporate value, to formulate its business strategies and policies and to enhance its transparency and accountability.

The Company's corporate governance practices are based on the Principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules (version up to 30 June 2025). On 1 July 2025, the amendments to the CG Code came into effect and the requirements under the new CG Code will apply to corporate governance reports for financial years commencing on or after 1 July 2025.

During the accounting period for the year ended 31 December 2025, the Company has complied with all the code provisions set out in the CG Code, except for code provisions C.2.1 and F.2.2 (which has been re-numbered as code provision F.1.3 since 1 July 2025) as explained in the paragraphs headed "Chairman and Chief Executive Officer" and "Communication with Shareholders and Investors/Investor Relations" respectively below.

The Company will continue to enhance its corporate governance practices as appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

CORPORATE CULTURE

The corporate culture of the Company comprises four components: corporate mission, corporate vision, Far East spirit, and Far East talent concept. Our corporate mission: Integrating global resources, promoting industry development. Our corporate vision: Make every effort to shape excellent enterprises. Far East spirit: Determination to pursue the truth, rigorous and pragmatic work style, Idea of promoting innovation, courage to face hardships, indomitable will, responsibilities to the world, resolution to be a pioneer. Far East talent concept: Far East Horizon's core idea of manpower is to create a fair, impartial and open competitive growth platform so that honest, hardworking and dedicated employees can get due rewards and recognition in a clear, pure and clean working environment. The Company adheres to the "Four-Regardless" Talent Concept – Regardless of Age, Regardless of Length of Service, Regardless of Seniority, and Regardless of Educational Background, All Only About Contribution.

CORPORATE GOVERNANCE REPORT

The Company believes that a healthy corporate culture is the core of good corporate governance, and all Directors must act with integrity, lead by example, and promote the desired culture. The Company pays attention to the communication and promotion of corporate culture, and abides by accountability and review, enabling all management and employees to understand the core value of corporate culture and proper behavior, as well as continually reinforcing across the organisation values of acting lawfully, ethically and responsibly. The Company has incorporated the publicity of corporate culture into various employee training materials, work reporting procedures, topic discussions and other aspects, formulated and strengthened the employee code of conduct and talent management system, strengthened and improved the communication mechanism between management and employees, and found out the employees' recognition to the corporate culture or issues identified through various channels.

The Company has formulated an anti-corruption and whistle-blowing policy to regulate conduct and ensure compliance with anti-corruption policies and regulations. Employees are encouraged to report corruption, bribery, fraud and unethical behavior. The Company will also include publicity on anti-corruption and whistle-blowing policies in daily employee training.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "Code of Conduct") 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") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Code of Conduct throughout the year ended 31 December 2025.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company for the year ended 31 December 2025.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Board currently comprises eleven members, consisting of three executive Directors, four non-executive Directors and four independent non-executive Directors.

The list of all Directors, which also specifies the posts held by each Director, is set out under "Corporate Information" on page 4. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board of the Company during the year ended 31 December 2025 and up to the date of this report comprises the following Directors:

Executive Directors:
Mr. KONG Fanxing *(Chairman, Chief Executive Officer)*
Mr. WANG Mingzhe *(Chief Financial Officer)*
Mr. CAO Jian *(Senior Vice President)*

Non-executive Directors:
Mr. CHEN Shumin *(Vice Chairman)*
Ms. WEI Mengmeng
Mr. LIU Haifeng David (retired with effect from 10 March 2026)
Mr. KUO Ming-Jian
Mr. John LAW

Independent non-executive Directors:
Mr. HAN Xiaojing
Mr. LIU Jialin *(Lead Independent Non-Executive Director)*
Mr. YIP Wai Ming
Mr. WONG Ka Fai Jimmy

None of the members of the Board is related to one another.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

During the year ended 31 December 2025, the Company has deviated from code provision C.2.1 with the positions of Chairman and Chief Executive Officer being held by Mr. KONG Fanxing.

The Board however believes that it is in the interests of the Company to vest the roles of both the Chairman and the Chief Executive Officer in the same person, so as to provide consistent leadership within the Group and facilitate the prompt execution of the Group's business strategies and boost operation effectiveness. The Board also believes that the balance of power and authority under this arrangement will not be impaired, as all major decisions must be made in consultation with the Board as a whole, together with relevant Board committees, which comprise experienced and high caliber individuals, with four independent non-executive Directors who are in the position to provide independent insights to the Board and monitor the management and operation of the Company. The Board will periodically review and consider the effectiveness of this arrangement by taking into account the circumstances of the Group as a whole.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Due to the amendments to the Listing Rules and the CG code effective on 1 July 2025, the Board has designated Mr. LIU Jialin, an independent non-executive Director, as the lead independent non-executive Director (the "Lead Independent Non-Executive Director") since 10 December 2025. The Lead Independent Non-Executive Director will not assume separate or higher level of responsibilities or obligations relative to other independent non-executive Directors. He will serve as a channel of communication to keep shareholders informed of the actions taken by the independent non-executive Directors in carrying out their duties and responsibilities, and act as an intermediary between Directors and shareholders to enhance the communication among independent non-executive Directors, between independent non-executive Directors and other members of the Board, and between the Company and shareholders, especially minority shareholders. The Lead Independent Non-Executive Director is not an executive position within the Company and does not hold any management role within the Group.

CORPORATE GOVERNANCE REPORT

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

NON-EXECUTIVE DIRECTORS AND DIRECTORS RE-ELECTION

Code provision B.2.2 states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, each of the Directors appointed under a general meeting of the Company is appointed for a specific term of three years and he/she may serve consecutive terms if re-elected by the Company in general meeting upon the expiration of his/her term.

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then current term. All Directors are subject to retirement by rotation and re-election at the annual general meetings.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective and independent judgement on corporate actions and operations.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, corporate governance, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged for appropriate insurance cover for Directors' and senior management's legal liabilities that may arise out of corporate activities.

CORPORATE GOVERNANCE REPORT

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2025, all Directors have participated in appropriate continuous professional development activities by reading materials including regulatory update and seminar handouts or reviewing the papers and circulars sent by the Company. As part of the continuous professional development programme, the Directors are also encouraged to participate in the various briefings and visits to local management and the Company's facilities, as arranged and funded by the Company with appropriate emphasis on the roles, functions, and duties of the Directors. Details are as follows:

Directors	Reading Relevant Material	Attending Seminars/ Visiting/Interviewing Key Management
Executive Directors		
Mr. KONG Fanxing	✓	✓
Mr. WANG Mingzhe	✓	✓
Mr. CAO Jian	✓	✓

CORPORATE GOVERNANCE REPORT

Directors	Reading Relevant Material	Attending Seminars/ Visiting/Interviewing Key Management
Non-Executive Directors		
Mr. CHEN Shumin	✓	✓
Ms. WEI Mengmeng	✓	✓
Mr. LIU Haifeng David (retired with effect from 10 March 2026)	✓	✓
Mr. KUO Ming-Jian	✓	✓
Mr. John LAW	✓	✓
Independent Non-Executive Directors		
Mr. HAN Xiaojing	✓	✓
Mr. LIU Jialin	✓	✓
Mr. YIP Wai Ming	✓	✓
Mr. WONG Ka Fai Jimmy	✓	✓

BOARD DIVERSITY POLICY AND GENDER DIVERSITY

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board has adopted a board diversity policy (the "Board Diversity Policy") for the purpose of ensuring that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board.

The Company commits to selecting the best person for the role based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and length of services. In terms of professional experience, the Board shall be composed of members with accounting or financial expertise, legal professional qualification, financial investment experience or industry experience related to the Company.

The Remuneration and Nomination Committee will review the structure, size and composition of the Board at least annually to ensure that the Board Diversity Policy is effectively implemented.

At present, the Board has one female Director among the eleven Board members. The Remuneration and Nomination Committee has reviewed the Board Diversity Policy and considered that the Board has in place a diverse mix of gender, skills, knowledge and experience.

CORPORATE GOVERNANCE REPORT

The Company will strive to achieve and maintain gender balance in the Board through the following measures implemented by the Remuneration and Nomination Committee in accordance with the Board Diversity Policy. The Company will take the initiative to identify female employees who are suitably qualified to serve as a Board member. In the long run, in order to further ensure the gender diversity of the Board, the Company will seize the opportunity to increase the proportion of female members in the Board, identify and select a number of female employees with different skills, experience and knowledge in different fields from time to time, and will include those who have the qualities to be a Board member in a list which will be regularly reviewed by the Remuneration and Nomination Committee in order to develop a pipeline of potential successors for the Board and to promote gender diversity of the Board.

In addition, as of 31 December 2025, the proportion of female members among all employees (including senior management) of the Company was 42.35%. The Company will take steps to maintain gender diversity among all employees (including senior management). The Company plans to provide comprehensive training for female employees who we believe have the appropriate experience, skills and knowledge in operations and business, including but not limited to business operations, management, accounting and finance, legal compliance, and research and development.

POLICY FOR THE NOMINATION OF DIRECTORS

The Company has adopted Policy for the Nomination of Directors, which is incorporated in the terms of reference of the Remuneration and Nomination Committee. The Policy for the Nomination of Directors sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or re-appointment of directors. No candidate was nominated for directorship during the year ended 31 December 2025.

BOARD COMMITTEES

Board has established four committees, namely, Audit and Risk Management Committee, Remuneration and Nomination Committee, Strategy and Investment Committee and Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of Audit and Risk Management Committee and Remuneration and Nomination Committee and the working rules of Environmental, Social and Governance Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors or non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 4.

CORPORATE GOVERNANCE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises three members, including two independent non-executive Directors, namely, Mr. YIP Wai Ming (chairman of the Committee) and Mr. HAN Xiaojing, and one non-executive Director, namely, Mr. John LAW. Mr. YIP Wai Ming possesses the appropriate accounting or related financial management expertise.

The main duties of the Audit and Risk Management Committee include the following:

- To review the financial information
- To review the relationship with the external auditors
- To review financial reporting system, internal control system and risk management system
- To review the annual budget and annual accounts

The Audit and Risk Management Committee is also responsible for performing the corporate governance duties which are set out under "Corporate Governance" on page 117.

The Audit and Risk Management Committee held four meetings during the year ended 31 December 2025 to review the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and arrangements for connected transactions. The attendance records of the Audit and Risk Management Committee are set out under "Attendance Record of Directors and Committee Members" on page 114.

The Audit and Risk Management Committee also met the external auditors four times without the presence of the executive Directors.

The Company's annual results for the year ended 31 December 2025 have been reviewed by the Audit and Risk Management Committee.

CORPORATE GOVERNANCE REPORT

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises three members including two independent non-executive Directors, namely, Mr. LIU Jialin (chairman of the Committee), Mr. HAN Xiaojing and one non-executive Director, namely, Mr. KUO Ming-Jian. The majority of the members are independent non-executive Directors.

The principal duties of the Remuneration and Nomination Committee include but are not limited to the following:

- To make recommendations to the Board on the remuneration packages of the individual executive Directors and senior management
- To review and make recommendations to the Board on the remuneration of the non-executive Directors
- To review and make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management
- To make recommendations to the Board on the terms of service contract(s) or letter(s) of appointment of the new executive Director(s) appointed during the year
- To assess the performance of the executive Directors
- To assess the independence of the independent non-executive Directors
- To make recommendations to the Board on the re-election of Directors
- To review the structure, size and composition of the Board so as to ensure the diversity of the Board
- To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules

The criteria adopted by the Remuneration and Nomination Committee in considering whether the relevant personnel are suitable to the directors include their character, qualifications, experience, expertise and knowledge, as well as provisions of the Listing Rules. In assessing the Board composition, the Remuneration and Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. and would make full consideration about the diversity of the Board before making proposal, to ensure that the Board shall be composed of members having accounting or financial expertise, legal professional qualification, financial investment experience or industry experiences related to the Company. The Remuneration and Nomination Committee would identify individuals suitably qualified for election as directors, select or make recommendations to the Board on the selection of individuals nominated for directorships.

CORPORATE GOVERNANCE REPORT

The Remuneration and Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. External recruitment professionals might be engaged to carry out selection process when necessary.

The Remuneration and Nomination Committee met two times during the year ended 31 December 2025 to review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience required for the Company's business, assess the performance of the executive Directors, as well as make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management, the share incentive schemes and other related matters. The attendance records of the Remuneration and Nomination Committee are set out under "Attendance Record of Directors and Committee Members" on page 114.

During the year ended 31 December 2025, the Remuneration and Nomination Committee approved the matters in relation to the grant of options and restricted shares under the second of the third session of the share incentive schemes (include the 2024 Share Option Scheme and the 2024 Restricted Share Award Scheme) in May 2025 and then submitted it to the Board for approval in June 2025. The executive administration committee authorised by the Board to operate, manage and administer the share incentive schemes reviewed and approved the list of grantees under the 2024 Share Option Scheme and the 2024 Restricted Share Award Scheme, and reviewed and approved the announcement in relation to the grant of share options of the 2024 Share Option Scheme in August 2025. Save as disclosed above, there were no other material matters relating to the 2014 Share Option Scheme, the 2019 Share Option Scheme, the 2014 Restricted Share Award Scheme, the 2024 Share Option Scheme and the 2024 Restricted Share Award Scheme that were required to be reviewed for approval by the Remuneration and Nomination Committee during the reporting period in accordance with Rule 17.07A of the Listing Rules.

STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee comprises two members, namely, Mr. KONG Fanxing (an executive Director) and Mr. WONG Ka Fai Jimmy (an independent non-executive Director).

The primary function of the Strategy and Investment Committee is to make recommendations to the Board about the strategy, investment plans and investment profit forecast, oversee and formulate risk management and internal control procedures and review material risk matters and transactions.

During the year ended 31 December 2025, the Strategy and Investment Committee did not hold any meeting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance ("ESG") Committee consists of three members, namely, Mr. WONG Ka Fai Jimmy (an independent non-executive Director and chairman of the Committee), Mr. HAN Xiaojing (an independent non-executive Director) and Mr. John LAW (a non-executive Director).

The primary function of the Environmental, Social and Governance Committee is to review and monitor the environmental, social and governance policies and practices of the Company to improve the governance structure of the Company and strengthen the decision-making function of the Board.

CORPORATE GOVERNANCE REPORT

The Environmental, Social and Governance Committee did not hold any meeting during the year ended 31 December 2025.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

During the year ended 31 December 2025, four regular Board meetings were held, which were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance record of each director during their tenure of office at the Board and Board Committee meeting(s) and the general meeting of the Company held during the year ended 31 December 2025 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee	Strategy and Investment Committee	Environmental, Social and Governance Committee	Annual General Meeting
Executive Directors						
Mr. KONG Fanxing	4/4	N/A	N/A	0/0	N/A	0/1
Mr. WANG Mingzhe	4/4	N/A	N/A	N/A	N/A	1/1
Mr. CAO Jian	4/4	N/A	N/A	N/A	N/A	0/1
Non-Executive Directors						
Mr. CHEN Shumin	4/4	N/A	N/A	N/A	N/A	0/1
Ms. WEI Mengmeng	3/4	N/A	N/A	N/A	N/A	0/1
Mr. LIU Haifeng David (retired with effect from 10 March 2026)	4/4	N/A	N/A	0/0	N/A	0/1
Mr. John LAW	3/4	4/4	N/A	N/A	0/0	0/1
Mr. KUO Ming-Jian	4/4	N/A	2/2	N/A	N/A	0/1
Independent Non-Executive Directors						
Mr. HAN Xiaojing	4/4	4/4	2/2	N/A	0/0	0/1
Mr. LIU Jialin	3/4	N/A	2/2	N/A	N/A	0/1
Mr. YIP Wai Ming	4/4	4/4	N/A	N/A	N/A	0/1
Mr. WONG Ka Fai Jimmy	4/4	N/A	N/A	0/0	0/0	0/1

CORPORATE GOVERNANCE REPORT

Apart from the Board meetings stated above, the Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors on 1 August 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has established its Audit and Risk Management Committee and Audit Department. The Company established the Environmental, Social and Governance Committee on 31 August 2021, which is responsible for identifying ESG risks and opportunities related to the Company, assessing the effect of such risks or opportunities on the Group, providing suggestions to the Board regarding the response to risks or opportunities, as well as fully implementing the Company's ESG activities. The Audit and Risk Management Committee oversees risk management processes within the Group. The main duties and responsibilities of the Audit and Risk Management Committee are to design risk management systems and policies, to review, approve and supervise overall risk management measures and procedures and their general implementation and effectiveness.

The Audit Department operates independently from the business operation and management of the Company. It reports directly to the Audit and Risk Management Committee on a regular basis and performs independent audits of the reasonableness, completeness and effectiveness of the operational management and risk controls. There are two teams in the Audit Department, namely finance inspection team and internal audit team. The Audit Department plans and arranges resources to ensure supervision and assessment of the key control aspects including but not limited to operational monitoring, financial monitoring, compliance monitoring, information security and management duties supervision.

During the course of its audits, the Audit Department is authorized to comprehensively inspect, analyze, evaluate and audit all of the business and operational procedures to identify any material issues or risk matters, and to provide advice for improvement and rectification. The Audit Department is also the main communication channel with relevant external regulatory entities, such as courts and public safety bureaus. The Audit Department conducts follow-up audits to monitor the updated status of previously identified issues to ensure corrective and remedial measures have been duly implemented and are enforced. It also evaluates the non-compliance of the risk management policies and procedures by key personnel in the operational process, and may make recommendations to the senior management and the Board to impose certain penalties.

CORPORATE GOVERNANCE REPORT

The Audit and Risk Management Committee and Audit Department report to the Board on any findings and make recommendations to the Board as and when appropriate. The Board at least annually conducts a review of the effectiveness of the Company and its subsidiaries' internal control systems. Such review covers all material controls, including financial, operational and compliance controls and risk management functions. The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure timely report of inside information to the executive directors and maintain communication with the Board.

Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformably. The management has confirmed to the Board and the Audit and Risk Management Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Board, as supported by the Audit and Risk Management Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Board shall conduct a balanced, clear and understandable assessment in the annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. When the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this corporate governance report.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 168 to 172.

Where appropriate, a statement will be submitted by the Audit and Risk Management Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit and Risk Management Committee.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

	Amount of fees
Type of services provided by the external auditors	RMB'000
Audit services	**14,110**
Non-audit service	**6,484**
Total	**20,594**

The Group's non-audit service fees mainly comprise of: (i) interim review service fee amounted to RMB3,000,000; (ii) asset securitization business related service fee amounted to RMB1,400,000; (iii) bond issue related service fee amounted to RMB1,700,000; and (iv) tax service fee amounted to RMB384,000.

CORPORATE GOVERNANCE

The Audit and Risk Management Committee is responsible for performing the corporate governance duties including:

(a) to develop, review and implement the Company's policy and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

CORPORATE GOVERNANCE REPORT

The Board has reviewed the shareholders' communication policy on a regular basis to ensure its effectiveness as well as the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

Ms. Yuen Wing Yan Winnie ("Ms. Yuen") was nominated by Tricor Services Limited, an external service provider, and engaged by the Company as its company secretary up to March 11, 2026.

Pursuant to the Company's announcement dated March 11, 2026, Ms. Yuen has resigned as the company secretary of the Company and ceased to act as one of the authorised representatives of the Company for the purpose of Rule 3.05 of the Listing Rules, with effect from 11 March 2026. Ms. Yuen has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange. On the same day, Ms. Yeung Siu Lam ("Ms. Yeung") was nominated by Tricor Services Limited, an external service provider, and engaged by the Company as its company secretary and one of its authorized representatives. The primary contact person at the Company with Ms. Yuen and Ms. Yeung is Mr. KONG Fanxing, currently an executive director, the Chairman and Chief Executive Officer of the Company.

Ms. Yuen and Ms. Yeung have complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

SHAREHOLDERS' RIGHT

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

CONVENING A GENERAL MEETING

General meetings may be convened by the Board on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"). Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening a general meeting.

PUTTING FORWARD PROPOSALS AT GENERAL MEETING

Pursuant to Sections 580 and 615 of the Companies Ordinance, shareholders representing at least 2.50% of the total voting rights of all shareholders, or at least 50 shareholders (as the case may be) who have a right to vote at the relevant general meeting, may put forward proposals for considerations at a general meeting by sending requests in writing to the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for general meeting.

CORPORATE GOVERNANCE REPORT

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Units 6706B-6708A, 67/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Email:	IR@fehorizon.com
Attention:	Board of Directors

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies.

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

Code provision F.2.2 (which has been re-numbered as code provision F.1.3 since 1 July 2025) of the CG Code stipulates that, among others, the chairman of the board should attend the annual general meeting and invite the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to attend and be available to answer questions at the annual general meeting.

CORPORATE GOVERNANCE REPORT

At the annual general meeting of the Company held on 14 April 2025 (the "2025 AGM"), Mr. KONG Fanxing (the Chairman and the member of the Strategy and Investment Committee) Mr. YIP Wai Ming (the chairman of the Audit and Risk Management Committee), Mr. LIU Jialin (the chairman of the Remuneration and Nomination Committee), Mr. LIU Haifeng, David (then chairman of the Strategy and Investment Committee, retired with effect from 10 March 2026), Mr. WONG Ka Fai Jimmy (the chairman of the Environmental, Social and Governance Committee and the member of the Strategy and Investment Committee), Mr. HAN Xiaojing (the member of each of the Audit and Risk Management Committee, the Remuneration and Nomination Committee and the Environmental, Social and Governance Committee), Mr. KUO Ming-Jian (the member of the Remuneration and Nomination Committee) and Mr. John LAW (the member of each of the Audit and Risk Management Committee and the Environmental, Social and Governance Committee) were unable to attend due to other important business engagements. To ensure relevant matters can be smoothly handled at the 2025 AGM, Mr. WANG Mingzhe (an Executive Director) attended and chaired the 2025 AGM to answer questions where necessary.

During the year, the Company also strengthened communication with Shareholders and investors through various channels, such as online and offline shareholder-investor exchange activities, results conferences, non-deal roadshows, participation in various investor forums, which allows investors to have a more comprehensive interpretation and analysis of the Group's business philosophy and operating conditions. The Company's corporate website has three languages: English, traditional Chinese and simplified Chinese, and has a section on investor relations, which converges all regulatory announcements, reports and circulars published on the website of the Stock Exchange for Shareholders and investors' reference, while the other sections of the corporate website provide the latest information on all aspects of the Group's operations. Through the above communication measures and procedures with investors and Shareholders, the Company has examined and reviewed the effectiveness of the relevant policies on communication with investors and Shareholders during the reporting period and considers that the above policies and measures can safeguard the effective communication between the Company and investors and Shareholders.

During 2025, the Company did not amend the Articles of Association. On 11 March 2026, the Board of the Company approved a resolution in respect of the proposed amendments to the Articles of Association. Please refer to the Company's announcement published on 11 March 2026. Details of the amendments will be set out in the circular of the annual general meeting (the "2026 AGM") to be held on Wednesday, 10 June 2026. An update version of the Company's Articles of Association will be published upon shareholders' approval.

The Company has adopted a policy on payment of dividends taking into consideration of various elements including but not limited to the Group's actual and expected financial performance, the level of the Group's debts to equity ratio, return on equity and financial covenants, general economic conditions, business cycle of the Group's business, etc. The Company endeavours to maintain a balance between its shareholders' interests and the Group's business operation as well as its long-term development goal.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. KONG FANXING (孔繁星) – EXECUTIVE DIRECTOR, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. KONG Fanxing (孔繁星), aged 62, is an executive director, the Chairman and the Chief Executive Officer of the Company. Mr. Kong received an EMBA degree from Peking University in March 2005, a master's degree in Economics and a bachelor's degree in Economics from University of International Business and Economics (對外經濟貿易大學) in China in June 1991 and July 1986, respectively. Mr. Kong joined Sinochem Group in August 1991. During the period which Mr. Kong worked for Sinochem Group, he had been the general manager of Sinochem International Engineering Trade Company (中化國際工程貿易公司), a deputy general manager of Sinochem International Industrial Company (中化國際實業公司), a deputy general manager and general manager of Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司), a deputy chief of the fertiliser division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), and an executive deputy general manager of Sinochem International Fertilizer Trading Company (中化國際化肥貿易公司), respectively. In April 2001, he joined International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) ("Far Eastern") and has become an executive director and the general manager since then. Mr. Kong has been the President and Chief Executive Officer of the Company since September 2009, and has been the Chairman of the Company since December 2022. Currently, Mr. Kong is also an executive director and the general manager of International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司), a director and the chairman of the board of directors of Horizon Construction Development Limited (宏信建設發展有限公司) (a company listed on the Stock Exchange, stock code: 9930), the chairman and general manager of Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司) and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司), the chairman of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) and Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司), an executive director and general manager of Shanghai Donghong Industrial Development Co., Ltd. (上海東泓實業發展有限公司), Donghong Investment Co., Ltd. (東泓投資有限公司) and Yuanhong Investment (Guangdong) Co., Ltd. (遠宏投資(廣東)有限公司), an executive director of Far East Horizon Healthcare Industry Development Co., Ltd. (遠東宏信健康產業發展有限公司), and a director of Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司).

Mr. Kong has over 31 years of experience in enterprise management.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. WANG MINGZHE (王明哲) – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Mr. WANG Mingzhe (王明哲), aged 55, is an executive director and the Chief Financial Officer of the Company. Mr. Wang obtained a bachelor's degree in Economics from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) in China in July 1993 and an MBA degree from Northeastern University (東北大學) in China in March 2003. Mr. Wang joined International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) in October 1995 and has worked there since then. In International Far Eastern Leasing Co., Ltd., Mr. Wang served as the manager of the business development department, a deputy general manager of the first business division, a deputy general manager, the general manager and assistant general manager of quality control department and the chief financial officer, etc. In September 2009, Mr. Wang was appointed as the Chief Financial Officer of the Company and he has held the position since then. Currently, Mr. Wang is also the general manager of operation centre of the Company, a director and chief financial officer of Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司) and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司), the chief financial officer of East Horizon Factoring (Tianjin) Co., Limited (遠宏商業保理(天津)有限公司), an executive director and general manager of Tianjin Horizon Asset Management Co. Ltd. (天津宏信資產管理有限公司), the chief financial officer of Shanghai Donghong Co., Ltd. (上海東泓實業發展有限公司), Donghong Investment Co., Ltd. (東泓投資有限公司) and Yuanhong Investment (Guangdong) Co., Ltd. (遠宏投資(廣東)有限公司), an executive director and general manager of Shanghai Depeng Industrial Co., Ltd. (上海德朋實業有限公司), and a director of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司), Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司) and Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司).

Mr. Wang has over 30 years of experience in finance management.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. CAO JIAN (曹健) – EXECUTIVE DIRECTOR AND SENIOR VICE PRESIDENT

Mr. CAO Jian (曹健), aged 51, is an executive director and the senior vice president of the Company. Mr. Cao graduated from Nankai University (南開大學) with a bachelor's degree in finance in June 1997, and obtained a master's degree in finance from the University of International Business and Economics (對外經濟貿易大學) in December 2006 and an MBA from Shanghai Jiaotong University (上海交通大學) in June 2008.

Mr. Cao started his career in 1997, and joined International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) in September 2002 and gained extensive experience in corporate management, serving multiple managerial roles, among others, a deputy general manager, a standing deputy general manager and the general manager of the healthcare business division, and an assistant president and a vice president of the Company. Mr. Cao was appointed as the senior vice president of the Company in January 2013, and has concurrently served as the general manager of the supply chain finance division of the Company since December 2021 and the general manager of the overseas business division of the Company since December 2025, and currently serves as an executive director and the general manager of East Horizon Factoring (Tianjin) Co., Limited (遠宏商業保理（天津）有限公司) and a director of Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信（天津）融資租賃有限公司) and Far East Horizon Financial Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司).

Mr. Cao has over 23 years of experience in the financial leasing industry.

MR. CHEN SHUMIN (陳樹民) – NON-EXECUTIVE DIRECTOR

Mr. CHEN Shumin (陳樹民), aged 59, is a non-executive director of the Company. Mr. Chen is currently a deputy chief accountant of Sinochem Holdings Corporation Limited (中國中化控股有限責任公司, "Sinochem"), and a vice chairman and general manager of Sinochem Hong Kong (Group) Company Limited. He is also a member of the Second Accounting Standards Advisory Committee for Business Enterprises of the Ministry of Finance of the People's Republic of China. Mr. Chen received a bachelor's degree in financial accounting from Beijing Business College (北京商學院) and a master's degree in business administration from Xiamen University (廈門大學). Mr. Chen holds the qualifications of senior accountant and financial manager.

After graduation, Mr. Chen worked in China International Book Trading Corporation (中國國際圖書貿易總公司) and joined Sinochem in April 1989. He served as the head of the finance section in the company's finance and accounting department, the manager of the finance department of Sinochem Asia Group (中化亞洲集團公司), deputy chief accountant, general manager of the accounting management department, director of finance department, member of the party committee and vice president of the financial business division of Sinochem Group. Mr. Chen has served as a deputy chief accountant of Sinochem since June 2021, and has served as a vice chairman and general manager of Sinochem Hong Kong (Group) Company Limited since September 2023.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MS. WEI MENGMENG (衛濛濛) – NON-EXECUTIVE DIRECTOR

Ms. WEI Mengmeng (衛濛濛女士), aged 44, is a non-executive director of the Company. Ms. Wei is the secretary to the party committee and the general manager of China Foreign Economy and Trade and Trust Co., Ltd. (中國對外經濟貿易信託有限公司, "FOTIC"), a subsidiary of Sinochem. She is also a director of the China Trustee Association's Professional Committee of Industrial Development Research, the legal representative and chairman of Beijing Xinnuo Public Welfare Foundation (北京信諾公益基金會), the chairman of Zhongqi Private Equity Fund Management (Hainan) Co., Ltd. (中啟私募基金管理(海南)有限公司), and a director of Lion Fund Management Co., Ltd. (諾安基金管理有限公司). Ms. Wei obtained a bachelor's degree in international economics and trade and a master's degree in finance from the University of International Business and Economics.

Ms. Wei joined FOTIC after graduation, and had successively served as the general manager of securities products department, the general manager of securities trust business department, the general manager of wealth management centre, the assistant to the general manager and deputy general manager of FOTIC. Ms. Wei has served as the general manager of FOTIC since July 2022.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. KUO MING-JIAN (郭明鑑) – NON-EXECUTIVE DIRECTOR

Mr. KUO Ming-Jian (郭明鑑), aged 64, was appointed as a non-executive director of the Company in March 2013. Mr. Kuo is currently the Chairman of Cathay United Bank and a director of Cathay Financial Holding Co., Ltd. (a company listed in Taiwan, stock code: 2882). Mr. KUO is also a director of Cathay Securities Investment Trust Co., Ltd. (國泰證券投資信託股份有限公司), Cathay Private Equity Co., Ltd. (國泰私募股權股份有限公司) and Financial Information Service Co., Ltd. (財金資訊股份有限公司). He took the roles as vice chairman and senior advisor of Blackstone Group L.P. (a company listed on the New York Stock Exchange, NYSE: BX), Hong Kong during 2007 to 2018. Before joining Blackstone Group L.P., Mr. Kuo was a director of H&Q Asia Pacific. From February 2002 to June 2005, Mr. Kuo was an executive director and senior president of JPMorgan Chase & Co (a company listed on the New York Stock Exchange, NYSE: JPM) in Hong Kong. From September 1998 to June 2005, he was an executive director and senior president of J.P. Morgan Chase Bank, Taiwan. From September 1989 to September 1998, Mr. Kuo was a vice president of Citibank (Taiwan). Mr. Kuo was an independent non-executive director of Cathay Financial Holdings Co., Ltd. and Cathay Life Insurance Co., Ltd.

Mr. Kuo is also an independent director of Alchip Technologies, Limited (世芯電子股份有限公司) (a company listed in Taiwan Stock Exchange, stock code: 3661). Mr. Kuo served as an independent director of Huali Industrial Group Co., Ltd. (中山華利實業集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300979) from February 2020 to January 2026; an independent non-executive director of Samson Holding Limited (順誠控股有限公司) (a company previously listed on the Stock Exchange, stock code: 0531) from October 2005 to January 2025; and a director of Longchen Paper & Packaging Co., Ltd. (榮成紙業股份有限公司) (a company listed in Taiwan Stock Exchange, stock code: 1909) from August 2014 to May 2023.

Mr. Kuo received his undergraduate degree from Fu-Jen Catholic University and holds an MBA degree from City University of New York.

MR. JOHN LAW (羅強) – NON-EXECUTIVE DIRECTOR

Mr. John LAW (羅強), aged 75, was appointed as a non-executive director of the Company in October 2012. Mr. Law worked for J.P. Morgan & Co. as training head of Asia Pacific Region, as risk manager for Greater China Region and as senior credit officer for Asia Pacific Region, Euroclear respectively. He then worked for Citigroup (a company listed on the New York Stock Exchange, NYSE: C) from August 2000 to November 2003 as the regional credit officer for Asia Pacific Financial Markets. Prior to joining the Company, he worked for International Finance Corporation from March 2004 to September 2012 as the principal banking specialist for global financial markets. Mr. Law is currently a non-executive director of Rizal Commercial Banking Corporation (a company listed on the Philippine Stock Exchange, stock code: RCB) and a non-executive director of Khan Bank (a company listed on the Mongolian Stock Exchange, stock code: KHAN).

Mr. Law holds a master degree in business administration (finance) from Indiana University in USA and has more than 36 years' experience in finance.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. HAN XIAOJING (韓小京) – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. HAN Xiaojing (韓小京), aged 71, was appointed as an independent non-executive director of the Company in March 2011. From 1986 to 1992, Mr. Han worked at China Law Center (中國法律事務中心). During the same period, he spent three and a half years at Zimmerman Lawyers (齊默爾曼律師事務所) in Canada and Livasiri & Co. (廖綺雲律師事務所) in Hong Kong for study. In 1992, Mr. Han was involved in the establishment of Commerce & Finance Law Offices (北京市通商律師事務所), and has been a founding partner there ever since. Mr. Han is admitted to practicing law in the PRC and has 39 years of experience in the legal profession.

Currently, Mr. Han is an independent non-executive director of Sino-Ocean Group Holdings Limited (遠洋集團控股有限公司) (a company listed on the Stock Exchange, stock code: 3377), Vital Innovations Holdings Limited (維太創科控股有限公司) (a company listed on the Stock Exchange, stock code: 6133) and Angelalign Technology Inc. (時代天使科技有限公司) (a company listed on the Stock Exchange, stock code: 6699). He served as a supervisor of Ping An Bank Company Limited (平安銀行股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000001), and ceased to hold such position in January 2026.

MR. LIU JIALIN (劉嘉凌) – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. LIU Jialin (劉嘉凌), aged 63, was appointed as an independent non-executive director of the Company in March 2011 and was designated as the lead independent non-executive director of the Company in December 2025. From 1992 to 2007, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Management Committee and Asia Executive Committee as well as a Managing Director in the Fixed Income Division in Hong Kong. Currently, Mr. Liu is the managing director of Cinda International Asset Management Limited (信達國際資產管理有限公司) and a lead independent non-executive director of Horizon Construction Development Limited (宏信建設發展有限公司) (a company listed on the Stock Exchange, stock code: 9930). Mr. Liu has 37 years of experience in finance and securities industry.

Mr. Liu served as an independent non-executive director of Changyou Alliance Group Limited (a company listed on the Stock Exchange, stock code: 1039) from April 2017 to July 2023.

Mr. Liu obtained a bachelor's degree in science from Peking University and a degree of Master of Science in physics from Massachusetts Institute of Technology.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. YIP WAI MING (葉偉明) – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. YIP Wai Ming (葉偉明), aged 61, was appointed as an independent non-executive director of the Company in March 2011. Mr. Yip graduated from the University of Hong Kong (香港大學) with a bachelor of social sciences degree in November 1987. He also obtained a degree of bachelor of laws from the University of London (倫敦大學) in August 2001. Mr. Yip started his career in Ernst & Young in 1987, and was a senior manager at the time of his departure in 1996. From 1996 to 2024, Mr. Yip served as an associate director in ING Bank N.V., the chief financial officer in Fulbond Holdings Limited (福邦控股有限公司), a vice president of Hi Sun Technology (China) Limited (高陽科技(中國)有限公司) (a company listed on the Stock Exchange, stock code: 0818), the chief financial officer of Haier Electronics Group Co., Ltd. (海爾電器集團有限公司) (a company listed on the Stock Exchange, stock code: 1169), a deputy general manager of Yuzhou Properties Company Limited (禹州地產股份有限公司) (a company listed on the Stock Exchange, stock code: 1628), and an independent non-executive director of Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (a company listed on the Stock Exchange, stock code: 3636) and Yida China Holdings Limited (億達中國控股有限公司) (a company listed on the Stock Exchange, stock code: 3639), respectively. Currently, Mr. Yip is an independent non-executive director of Ju Teng International Holdings Limited (巨騰國際控股有限公司) (a company listed on the Stock Exchange, stock code: 3336), Pax Global Technology Limited (百富環球科技有限公司) (a company listed on the Stock Exchange, stock code: 0327), Sinohope Technology Holdings Limited (新火科技控股有限公司) (a company listed on the Stock Exchange, stock code: 1611) and Peijia Medical Limited (沛嘉醫療有限公司) (a company listed on the Stock Exchange, stock code: 9996).

Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Yip has over 35 years of experience in accounting and finance.

MR. WONG KA FAI JIMMY (黃家輝先生) – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. WONG Ka Fai Jimmy (黃家輝先生), aged 56, is an independent non-executive director of the Company. Mr. Wong is an adjunct lecturer at the Business School of the University of New South Wales, Australia. Mr. Wong received his bachelor's and master's degree of arts from the University of Cambridge in 1992 and 1997, respectively, and his master's degree of business administration from the Australian Graduate School of Management in 1998.

Mr. Wong worked at UBS AG, Hong Kong Branch between 2006 and 2020. He became the Managing Director in 2011, and served as the head of the Financial Institutions Group, Asia Pacific from 2015 to 2020. In his role, he oversaw corporate finance and mergers & acquisitions advisory transactions throughout the Asia Pacific region. Prior to joining UBS AG, Mr. Wong worked as an assistant director at the Financial Institutions Group, Asia of ABN AMRO Bank NV, Hong Kong Branch from 2003 to 2006, and as an associate director in Telecom & Media Group of Credit Suisse First Boston (Hong Kong) Limited from 1999 to 2002. Before joining the investment banking sector, Mr. Wong was an engineer and worked as product manager for data services at Hong Kong Telecommunications Limited from 1992 to 1997. In April 2023, Mr. Wong was appointed as an independent non-executive director of Mobvista Inc. (a company listed on the Stock Exchange, stock code: 1860).

Mr. Wong has over 22 years of working experience in investment banking.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. WANG RUISHENG (王瑞生) – VICE PRESIDENT

Mr. WANG Ruisheng (王瑞生), aged 72, is a vice president of the Company. Mr. Wang graduated from East China Normal University (華東師範大學) majoring in history in September 1989 and obtained an EMBA degree from Peking University (北京大學) in September 2005. Prior to joining Far East Horizon Limited, he worked as Section Chief Assistant of Shanghai Chemicals Import and Export Corporation, General Manager of Black & White Advertising Co., Ltd., Deputy General Manager of Sinochem Shanghai Co., Ltd. and Deputy General Manager of Sinochem International Tendering Co., Ltd. He has extensive experience in corporate management and government relationship. Mr. Wang was appointed as a vice president of the Company in June 2012.

Mr. Wang has over 34 years of experience in enterprise management.

MR. XU HUIBIN (徐會斌) – VICE PRESIDENT

Mr. XU Huibin (徐會斌), whose former name was XU Huibing (徐會兵), aged 55, is a vice president and the general manager of strategic center of the Company. Mr. Xu graduated from the University of Science and Technology Beijing with a bachelor's degree in industrial electric automation in July 1995, and obtained an MBA degree from Fudan University in July 2005. Mr. Xu previously worked for China Construction Bank and Tianyi Securities. After joining Far East in December 2004, he worked as various positions including the assistant general manager and deputy general manager of construction system business division, deputy general manager and general manager of quality control department, general manager of business operation center, and general manager of strategic development and management department. Mr. Xu has been appointed as a Vice President of the Company since December 2023, and has been a non-executive director of Horizon Construction Development Limited (a company listed on the Stock Exchange, stock code: 9930) since May 2021.

Mr. Xu has more than 21 years of financial leasing industry experience and 8 years of banking experience.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. MA HONG (馬宏) – ASSISTANT PRESIDENT

Mr. MA Hong (馬宏), aged 48, is an assistant president of the Company. Mr. Ma graduated from the Huazhong University of Science and Technology with a bachelor's degree in international trade and economic law in July 2000. He previously worked at Amoi Electronics and US E-TOOR. After joining Far East in December 2003, he worked as various positions including the assistant general manager of medical system business division, assistant general manager of electronic information business division, assistant general manager of people's livelihood and consumer business division, deputy general manager of urban public utilities division II (in charge of the routine work), general manager of urban public utilities division II, and a vice president of the company. Mr. Ma has been appointed as an assistant president of the Company since December 2021.

Mr. Ma has more than 22 years of financial leasing industry experience.

DIRECTORS' REPORT

The Board is pleased to present the Directors' Report of the year 2025 together with the audited financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal business activities of the Group are financial leasing and advisory services, and the principal business activities of its subsidiaries are hospital investment and operation, equipment operation services, trading and brokerage services as well as engineering management services, etc. An analysis of the Group's operational status for the year by business segments is detailed in Note 4 to the financial statements.

The Group has accumulated years of industry expertise and has expanded its customer base in its target industries by mainly focusing on its financial leasing services. It has also sufficiently lowered the risk associated with its interest-earning assets to develop a sustainable financial service business model through its safe and steady operational philosophy, rigorous risk control, diversified asset management approaches and other measures. By leveraging its profound industry experience and understanding of its customers' long-term internal needs, the Group also provides extended value-added services primarily comprising advisory, engineering, trading and brokerage services to its customers, which have generated synergy with its financial services. This has enabled it to continuously provide an integrated range of customized services, develop deeper customer relationships, enhance the effectiveness of its risk management systems, and leverage its accumulated industry and management expertise to expand into other target industries in China with promising growth potential, including investment and operation of certain quality assets, and to construct the foundation of its stable long-term strategic development of "finance + industry".

Furthermore, the sustainability of the Group's development and its further growth depend to a great extent on its ability to effectively respond to or manage major risks and uncertainties such as quality risk of interest-earning assets, liquidity risk, interest rate and exchange rate, the ability to attract and retain qualified persons and so forth. In its long operation, the Group has consistently adhered to the philosophy of steady and prudent operation and has accumulated advanced risk management capability and experience of practices in the industry. In the foreseeable future, it believes that the impact of the risks and uncertainties will remain manageable and will not cause any material adverse effect on its long-term healthy development.

Further discussion and analysis as required by Schedule 5 to the Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2025, and an indication of likely future development in the Group's business, are set out in the "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Notes to Financial Statements" sections of this annual report. The above sections form part of the Directors' Report.

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss on page 173 of this annual report.

The Board recommends the payment of a final dividend of HK$0.31 (2024: HK$0.30) per share in respect of the year ended 31 December 2025, to shareholders whose names appear on the register of members of the Company on Thursday, 18 June 2026. The proposed final dividend will be paid on Monday, 29 June 2026 after approval at the 2026 AGM.

Implementation of Distribution of 2024 Final Dividend and 2025 Interim Dividend

According to the proposal in relation to dividend distribution, which was considered and passed at the 2025 AGM on 14 April 2025, the Group paid a dividend of HK$0.30 per share to shareholders whose names appear on the register of members of the Company on 24 April 2025, thereby resulting in a total payment amount of HK$1,264,606,000.

According to the proposal in relation to the payment of an interim dividend in respect of the six months ended 30 June 2025, which was considered and approved by the Board on 1 August 2025, the Group paid a dividend of HK$0.25 per share to shareholders whose names appear on the register of members of the Company on 15 September 2025, thereby resulting in a total payment amount of HK$1,177,679,000.

CLOSURE OF SHARE REGISTER

The 2026 AGM of the Company is scheduled to be held on Wednesday, 10 June 2026. For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 5 June 2026 to Wednesday, 10 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, 4 June 2026, being the last registration date.

The final dividend is subject to the approval of the shareholders of the Company at the 2026 AGM, and the date of payment of the final dividend is expected to be Monday, 29 June 2026. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 16 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. The record date on which the shareholders of the Company are qualified to receive the proposed final dividend is Thursday, 18 June 2026. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 15 June 2026, being the last registration date.

DIRECTORS' REPORT

FINANCIAL HIGHLIGHTS

The summary of the Group's results, assets, liabilities and non-controlling interests for the past five financial years is extracted from the audited financial information and financial statements published, which is set out on pages 11 to 14 to this annual report. This summary does not form a part of the audited financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group believes that environment, health and safety are indispensable pillars for sustainable business. The Group advocates for "Green Finance" and adjusts industry credit granting system according to the environmental performance. The Group's investment direction turned to the national policies and livelihood, avoiding enterprises with "high pollution and high environmental risk", enterprises with outdated technology and enterprises with safety risks. During the year, the Group further reduced credit granting to engineering machinery, mine smelting machinery, oil equipment, ferrous metal smelting and chemical industry as they had higher environmental risks. The Group gradually raised credit granting to railway, rail transit and energy saving equipment industry. Meanwhile, with continuous expansion of the industry sector, the Group conducted a unified planning on the health, safety and environment issues of the relevant operating system and pushed forward the work related to environment and safety as an important part for enhancing industry value. In 2025, the Group's business achieved environmentally friendly and safe operation and no related accident occurred.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group.

PROPERTY, PLANT AND EQUIPMENT

The movements in the Group's property, plant and equipment for the year are set out in Note 13 to the financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 35 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any shares of the Company.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 177 to 178 of this annual report and Note 38 to the financial statements respectively.

PERMITTED INDEMNITY

Pursuant to the Articles of Association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has taken out insurance against all loss and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

CHARITABLE DONATIONS

The Group's external charitable donations for the year amounted to RMB30,225,000 (2024: RMB3,874,000).

DIRECTORS' REPORT

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details as at the disclosure date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of director	Details of changes
KONG Fanxing	Ceased to serve as an executive director of Far East Horizon Industrial Investment (Tianjin) Co., Ltd. (遠東宏信實業投資(天津)有限公司) with effect from 6 February 2025.
	Ceased to serve as the general manager of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) with effect from 30 June 2025.
	Ceased to serve as the general manager of Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司) with effect from 22 December 2025.
WANG Mingzhe	Ceased to serve as the chief financial officer of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) with effect from 30 June 2025.
	Ceased to serve as the chief financial officer of Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司) with effect from 30 June 2025.
CAO Jian	Concurrently served as the general manager of the overseas business division of the Company with effect from 30 December 2025.
LIU Haifeng David	Ceased to serve as a non-executive director of the Company and the chairman of the Strategy and Investment Committee of the Board with effect from 10 March 2026.
KUO Ming-Jian	Ceased to serve as an independent non-executive director of Samson Holding Limited (順誠控股有限公司) with effect from 24 January 2025.
	Currently served as an independent director of Alchip Technologies, Limited (世芯電子股份有限公司) with effect from 29 May 2025.
	Ceased to serve as an independent director of Huali Industrial Group Co., Ltd. (中山華利實業集團股份有限公司) with effect from 19 January 2026.
HAN Xiaojing	Ceased to serve as the supervisor of Ping An Bank Company Limited (平安銀行股份有限公司) with effect from 8 January 2026.
LIU Jialin	Designated as the lead independent non-executive director of the Company with effect from 10 December 2025.

DIRECTORS

During the year and as at the date of this annual report, directors of the Company were as follows:

Executive Directors
Mr. KONG Fanxing
(Chairman, Chief Executive Officer)
Mr. WANG Mingzhe
(Chief Financial Officer)
Mr. CAO Jian
(Senior Vice President)

DIRECTORS' REPORT

Non-Executive Directors
Mr. CHEN Shumin
(Vice Chairman)
Ms. WEI Mengmeng
Mr. LIU Haifeng David (retired with effect from 10 March 2026)
Mr. KUO Ming-Jian
Mr. John LAW

Independent Non-Executive Directors
Mr. HAN Xiaojing
Mr. LIU Jialin *(Lead Independent Non-executive Director)*
Mr. YIP Wai Ming
Mr. WONG Ka Fai Jimmy

In accordance with the Article of Association of the Company, Mr. CAO Jian, Mr. CHEN Shumin, Ms. WEI Mengmeng and Mr. WONG Ka Fai Jimmy will retire at the 2026 AGM. All of the retiring directors above are eligible for re-election at the 2026 AGM.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management are set out on pages 121 to 129 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2025, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

The Directors' remuneration is determined with references to Directors' duties and responsibilities, individual performance and the results of the Group.

Executive Directors

Each of the executive Directors has entered into a service contract with the Company. Either party has the right to give not less than three months' written notice to terminate the service contract.

DIRECTORS' REPORT

Each of the appointments of Mr. KONG Fanxing and Mr. WANG Mingzhe is for a term of three years commencing from 11 March 2026. Each of Mr. KONG Fanxing and Mr. WANG Mingzhe is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social welfare benefits provided under the relevant PRC laws and regulations. The aggregate amount of the annual salaries of Mr. KONG Fanxing and Mr. WANG Mingzhe in 2025 is RMB7,245,000 and RMB4,609,000 respectively. The appointment of Mr. CAO Jian is for a term of three years commencing from 24 February 2026, under which Mr. CAO Jian will not receive any remuneration as an executive Director. For holding other positions with the Company and other members of the Group, Mr. CAO Jian received a total annual salary of RMB4,550,000 in 2025. Mr. CAO Jian is also entitled to a bonus payment at the discretion of the Board, which will be determined with reference to the Group's remuneration policy, market rate and the Group's indicators for performance appraisal.

Non-Executive Directors

Each of the non-executive Directors has entered into an appointment letter with the Company.

Each of the appointments of Mr. KUO Ming-Jian and Mr. John LAW is for a term of three years commencing from 11 March 2026. Under the relevant appointment letters, the Company shall pay HK$420,000 p.a. as Director's fee to each of Mr. KUO Ming-Jian and Mr. John LAW.

Each of the appointments of Mr. CHEN Shumin and Ms. WEI Mengmeng is for a term of three years commencing from 24 February 2026, under which, Mr. CHEN Shumin and Ms. WEI Mengmeng will not receive any Director's fee as a non-executive Director.

Independent Non-Executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company.

Each of the appointments of Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming is for a term of three years commencing from 11 March 2026. The appointment of Mr. WONG Ka Fai Jimmy is for a term of three years commencing from 7 June 2023.

Under the relevant appointment letters, the Company shall pay HK$420,000 p.a. as Director's fee to each of Mr. HAN Xiaojing, Mr. LIU Jialin, Mr. YIP Wai Ming and Mr. WONG Ka Fai Jimmy.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. HAN Xiaojing, Mr. LIU Jialin, Mr. YIP Wai Ming and Mr. WONG Ka Fai Jimmy, is independent.

DIRECTORS' REPORT

DIRECTORS' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of the remuneration of the Directors and that of the senior management of the Group for the year ended 31 December 2025 are set out in Note 8 to the consolidated financial statements of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors of the Company are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

NON-COMPETITION COMMITMENTS

Pursuant to the non-competition deed entered into between the Company and Horizon Construction Development on 12 November 2021, the Company has issued an annual confirmation to Horizon Construction Development, confirming that the Company and/or its associates (excluding Horizon Construction Development Group) has/have complied with the commitments stipulated in the deed from the listing date of Horizon Construction Development (i.e. 25 May 2023) to 31 December 2025. For details of the non-competition deed, please refer to prospectus dated 12 May 2023 published by Horizon Construction Development.

PENSION SCHEME

In accordance with applicable PRC regulations, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees, details of which are set out in Note 2.4 (Summary of Significant Accounting Policies – Employee benefits) to the financial statements.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were detailed as follows:

Interests in the shares/underlying shares of the Company

Name of director	Capacity/nature of interest	Number of ordinary shares[1]	Approximate percentage of the issued share capital of the Company
KONG Fanxing	Beneficial owner	106,866,432(L)[2]	2.22%
	Interest in a controlled corporation	868,947,897(L)[3]	18.10%
WANG Mingzhe	Beneficial owner	43,463,661(L)[4]	0.90%
LIU Haifeng David (retired with effect from 10 March 2026)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	344,394,100(L)	7.17%
	Interest in a controlled corporation	1,067,000(L)[5]	0.02%
LIU Jialin	Beneficial owner	125,000(L)	0.00%
	Interest of spouse	125,000(L)	0.00%
CAO Jian	Beneficial owner	39,465,305(L)[6]	0.82%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company.

(2) The interest includes 9,995,726 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 19,709,663 underlying shares in respect of the share options granted pursuant to the Company's 2019 Share Option Scheme, 9,081,987 underlying shares in respect of the share options granted pursuant to the Company's 2024 Share Option Scheme, 50,443,477 underlying shares in respect of the awarded shares granted pursuant to the Company's 2014 Restricted Share Award Scheme and 15,965,579 underlying shares in respect of the awarded shares granted pursuant to the Company's 2024 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Mr. KONG Fanxing is interested in 1,670,000 ordinary shares of the Company as at 31 December 2025. Please refer to the section headed "Incentive Schemes" for the details of those schemes and the grants of share options.

(3) The interest includes 272,237,062 shares held directly by Idea Delicacy Limited, 40,726,000 shares held directly by Powerful Force HK Limited, 159,670,000 shares held directly by Will of Heaven HK Limited, 107,503,000 held directly by Swallow Gird HK Limited, 197,945,000 held directly by Energon HK Limited and an aggregate of 90,866,835 held directly by certain employees of the Company. All of them had unconditionally, irrevocably and permanently entrusted Idea Prosperous Limited, a company 100% owned by Mr. KONG Fanxing, to exercise the voting rights attached to the shares.

DIRECTORS' REPORT

(4) The interest includes 3,165,116 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 9,473,906 underlying shares in respect of the share options granted pursuant to the Company's 2019 Share Option Scheme, 4,523,667 underlying shares in respect of the share options granted pursuant to the Company's 2024 Share Option Scheme, 19,105,588 underlying shares in respect of the awarded shares granted pursuant to the Company's 2014 Restricted Share Award Scheme and 6,609,384 underlying shares in respect of the awarded shares granted pursuant to the Company's 2024 Restricted Share Award Scheme. In addition to the share interest in respect of the share options and awarded shares granted, to the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Mr. WANG Mingzhe is interested in 586,000 ordinary shares of the Company as at 31 December 2025. Please refer to the section headed "Incentive Schemes" for the details of those schemes and the grants of share options.

(5) The interest is held directly by New Trace Limited which is 100% controlled by Mr. LIU Haifeng David.

(6) The interest includes 1,074,442 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 8,173,906 underlying shares in respect of the share options granted pursuant to the Company's 2019 Share Option Scheme, 4,523,667 underlying shares in respect of the share options granted pursuant to the Company's 2024 Share Option Scheme, 19,083,906 underlying shares in respect of the awarded shares granted pursuant to the Company's 2014 Restricted Share Award Scheme and 6,609,384 underlying shares in respect of the awarded shares granted pursuant to the Company's 2024 Restricted Share Award Scheme. Please refer to the section headed "Incentive Schemes" for the details of those schemes and the grants of share options.

Interests in the shares/underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Capacity/nature of interest	Number of ordinary shares[1]	Approximate percentage of the issued share capital of the associated corporation
KONG Fanxing	Horizon Construction Development Limited	Beneficial owner	8,078,052(L)	0.25%
WANG Mingzhe	Horizon Construction Development Limited	Beneficial owner	4,197,848(L)	0.13%
LIU Haifeng David (retired with effect from 10 March 2026)	Horizon Construction Development Limited	Interest in a controlled corporation	81,298,244(L)[2]	2.54%
LIU Jialin	Horizon Construction Development Limited	Beneficial owner Interest of spouse	27,777(L) 27,777(L)	0.00% 0.00%
CAO Jian	Horizon Construction Development Limited	Beneficial owner	2,796,585(L)	0.08%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the associated company.

(2) Please refer to Form 3B – Director/Chief Executive Notice – Interests in Shares of Associated Corporation for the relevant event on 28 June 2024 for further details of the shareholding structure.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2025, none of the directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

Based on the information available to the directors of the Company, as at 31 December 2025 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 31 December 2025, the entities or individuals who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of shareholder	Capacity/nature of interest	Number of ordinary shares[(1)]	Approximate percentage of interest
Sinochem Capital Investment Management (Hong Kong) Limited[(2)]	Beneficial owner	919,914,440(L)	19.16%
Sinochem Capital Investment Management Limited[(2)]	Interest in a controlled corporation	919,914,440(L)	19.16%
Sinochem Corporation[(2)]	Interest in a controlled corporation	919,914,440(L)	19.16%
Sinochem Group Co., Ltd[(2)]	Interest in a controlled corporation	919,914,440(L)	19.16%
The State-owned Assets Supervision and Administration Commission of the State Council[(2)]	Interest in a controlled corporation	919,914,440(L)	19.16%
KONG Fanxing	Beneficial owner	106,866,432(L)[(3)]	2.22%
	Interest in a controlled corporation	868,947,897(L)[(4)]	18.10%
Idea Prosperous Limited[(4)]	Entrusted to exercise voting rights	868,947,897(L)	18.10%
Aim Future Limited[(5)]	Interest in a controlled corporation	505,844,000(L)	10.53%
Gold Stone Enterprise Limited[(5)]	Interest in a controlled corporation	505,844,000(L)	10.53%
Cantrust (Far East) Limited[(5)]	Trustee	505,844,000(L)	10.53%
UBS Group AG[(6)]	Interest in a controlled corporation	382,413,845(L)	7.96%
Sunshine Trust Company Limited[(7)]	Trustee	272,237,062(L)	5.67%

DIRECTORS' REPORT

Name of shareholder	Capacity/nature of interest	Number of ordinary shares[1]	Approximate percentage of interest
LIU Haifeng David (retired with effect from 10 March 2026)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	344,394,100 (L)	7.17%
	Interest in a controlled corporation	1,067,000(L)[8]	0.02%
Vivian CHEN[9]	Interest of spouse	345,461,100(L)	7.19%
Capital Rise Limited	Beneficial owner	314,775,100(L)	6.55%
Capital Bridge Limited[10]	Interest in a controlled corporation	344,394,100(L)	7.17%
DCP Capital Partners L.P.[10]	Interest in a controlled corporation	344,394,100 (L)	7.17%
DCP General Partner, Ltd[10]	Interest in a controlled corporation	344,394,100 (L)	7.17%
DCP, Ltd.[10]	Interest in a controlled corporation	344,394,100 (L)	7.17%
Julian Juul WOLHARDT[10]	Interest in a controlled corporation	344,394,100 (L)	7.17%
Classic Fit Limited[10]	Interest in a controlled corporation	344,394,100 (L)	7.17%
J.P. Morgan Trust Company (Bahamas) Limited[10]	Trustee	344,394,100 (L)	7.17%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the Company. The letter "S" denotes the person's short position in the shares of the Company. The letter "P" denotes the person's shares of the Company by approved lending agent.

(2) Sinochem Capital Investment Management (Hong Kong) Limited is 100% controlled by Sinochem Capital Investment Management Limited, which is 100% controlled by Sinochem Corporation, which is in turn controlled as to 98% by Sinochem Group Co., Ltd. Sinochem Group Co., Ltd is 100% controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

(3) Please refer to Note (2) of the sub-section headed "Interests in the shares/underlying shares of the Company" under the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations" for further details of the shareholding structure.

(4) Please refer to Note (3) of the sub-section headed "Interests in the shares/underlying shares of the Company" under the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations" for further details of the shareholding structure.

(5) The interest is held directly by Will of Heaven HK Limited, Swallow Gird HK Limited, Powerful Force HK Limited and Energon HK Limited. Will of Heaven HK Limited, Swallow Gird HK Limited, Powerful Force HK Limited and Energon HK Limited are 100% controlled by Aim Future Limited, which is in turn 100% controlled by Gold Stone Enterprise Limited. Cantrust (Far East) Limited is the trustee of The Gold Stone I Trust and holds 100% interest in Gold Stone Enterprise Limited.

DIRECTORS' REPORT

(6) Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 5 December 2025 for further details of the shareholding structure.

(7) The interest is held directly by Idea Delicacy Limited, which is 100% controlled by Sunshine Trust Company Limited.

(8) Please refer to Note (5) of the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations" for further details of the shareholding structure.

(9) Ms. Vivian CHEN is the spouse of Mr. LIU Haifeng David.

(10) Pursuant to the Form 3A – Director/Chief Executive Notice – Interests in Shares of Listed Corporation for the relevant event on 30 December 2025 submitted by Mr. LIU Haifeng David, the interest includes 314,775,100 ordinary shares of the Company held directly by Capital Rise Limited and 29,619,000 ordinary shares of the Company held directly by Capital Lead Limited as at 31 December 2025, details of which have been disclosed in the Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 5 January 2026 submitted by Capital Bridge Limited upon crossing over 1%. Capital Bridge Limited holds the entire share capital of Capital Rise Limited and Capital Lead Limited respectively. Capital Bridge Limited is 100% controlled by DCP Capital Partners L.P., which is 100% controlled by DCP General Partner, Ltd, which in turn is 100% controlled by DCP Partners Limited. DCP Partners Limited is 100% controlled by DCP, Ltd., which is 50% controlled by Mr. Julian Juul Wolhardt and 50% controlled by Classic Fit Limited. Classic Fit Limited is 100% controlled by J.P. Morgan Trust Company (Bahamas) Limited, trustee of a private trust.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified by any person of any interest or short position in the shares or underlying shares of the Company.

DIRECTORS' REPORT

PUBLIC FLOAT

Based on the information publicly available to the Company and as far as the directors are aware as at the latest practicable date prior to the printing of this annual report, at least 25.00% of the total issued share capital of the Company is held by the public pursuant to the Listing Rules.

BOND ISSUE

In 2025, the Group further enriched the bond financing varieties in the domestic direct financing market. The Group completed 25 issuances throughout the year, with an aggregate amount of RMB21.5 billion, including ultra-short financial bonds of RMB10.5 billion, corporate bonds of RMB6.0 billion and mid-term notes of RMB5.0 billion as follows:

(1) In 2025, it completed the issuance of eleven 270-day ultra-short financial bonds totaling RMB10.5 billion with an annual interest rate range of 1.76% to 2.24% in China.

(2) In 2025, it completed the issuance of nine 3-year corporate bonds totaling RMB6.0 billion with an annual interest rate range of 2.14% to 3.09% in China.

(3) In 2024, it completed the issuance of five 2-year mid-term notes totaling RMB5.0 billion with an annual interest rate range of 2.15% to 3.02% in China.

In 2025, the Group completed the issuance of one RMB offshore premium bond, one USD offshore premium bond, one JPY offshore premium bond and two HKD offshore premium bonds in overseas market, with an aggregate amount of RMB1.2 billion, US$0.5 billion, JPY8.0 billion and HK$0.45 billion (two bonds in total) respectively, as follows:

(1) On 14 February 2025, it completed the issuance of the 3-year RMB1.2 billion offshore premium bond under overseas MTN with an annual interest rate of 4.25%.

(2) On 1 April 2025, it completed the issuance of the 3.5-year US$0.5 billion offshore premium bond under overseas MTN with an annual interest rate of 6.00%.

(3) On 28 October 2025, it completed the issuance of the 3-year JPY8.0 billion offshore premium bond under overseas MTN with an annual interest rate of 2.05%.

(4) On 10 November 2025, it completed the issuance of the 3-year HK$0.1 billion offshore premium bond under overseas MTN with an annual interest rate of 3.6%.

(5) On 20 November 2025, it completed the issuance of the 2-year HK$0.35 billion offshore premium bond under overseas MTN with an annual interest rate of 4.0%.

DIRECTORS' REPORT

On 20 June 2025, the Board updated the US$4,000,000,000 medium term note and perpetual securities programme. The Company may offer and issue notes and/or perpetual securities in series, with the aggregate nominal amount of notes and perpetual securities which may be outstanding at any time of up to US$4,000,000,000 (or its equivalent in other currencies). Application was made to the Stock Exchange for the listing of the programme for 12 months after 20 June 2025 whereby notes and/or perpetual securities may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only. For other details of the aforesaid offering and issuance of notes and/or perpetual securities in series, please refer to the relevant announcement and offering circular of the Company dated 20 June 2025.

Pursuant to the announcements of the Company dated 18 June 2020, 19 June 2020 and 8 July 2020 in relation to the issuance and listing of the US$300,000,000 2.50% guaranteed convertible bonds due 2025 (stock code: 40295) (the "Convertible Bonds"), the Convertible Bonds were issued by Universe Trek Limited (the "Issuer") and guaranteed by the Company. As at 31 December 2025, an aggregate principal amount of US$300,000,000, representing 100% of the initial aggregate principal amount of the Convertible Bonds, had been redeemed and cancelled, among which, (i) as a result of the exercise of the conversion rights by the holders of the Convertible Bonds, an aggregate principal amount of US$290,000,000, representing approximately 96.67% of the initial aggregate principal amount of the Convertible Bonds, was converted at the conversion price of HK$5.19 per share and cancelled in accordance with the conditions from May to June 2025, resulting in a total number of 433,061,070 shares being issued and credited as fully paid; and (ii) an aggregate principal amount of US$10,000,000, representing approximately 3.33% of the initial aggregate principal amount of the Convertible Bonds, was redeemed and cancelled by the Company in 2023 at the then prevailing conversion price of HK$6.59 per share pursuant to exercise of put option by relevant holders of the Convertible Bonds in accordance with the conditions. As at 31 December 2025, there was no outstanding principal amount of such Convertible Bonds. For details of the above redemption and cancellation of the Convertible Bonds, please refer to the announcements of the Company dated 6 June 2025, 13 June 2025, 20 June 2025, 24 June 2025, 2 July 2025 and 3 July 2025 in relation to the partial cancellation of the Convertible Bonds due to conversion and delisting of the Convertible Bonds. Pursuant to the announcements of the Company dated 15 June 2021 in relation to the issuance and listing of the US$250,000,000 zero-coupon guaranteed convertible bonds due 2026 (stock code: 40722) (the "Convertible Bonds"), the Convertible Bonds were issued by Universe Trek Limited (the "Issuer") and guaranteed by the Company. Pursuant to the condition 8(d) (Redemption at the option of the holders of the Convertible Bonds) of the terms and conditions of the Convertible Bonds set out in the offering circular in relation to the Convertible Bonds dated 9 June 2021, the holder of each Convertible Bond can exercise the right, at such holder's option, to require the Issuer to redeem all or certain Convertible Bonds on 15 June 2024 at the agreed price. As of 31 December 2025, an aggregate principal amount of US$249,600,000 had been redeemed and cancelled, among which, (i) as a result of the exercise of such options by certain holders, an aggregate principal amount of US$249,100,000, representing 99.64% of the initial aggregate principal amount of the Convertible Bonds, was redeemed and cancelled in accordance with the terms and conditions by the Issuer in June 2024; and (ii) on 8 July 2025, as a result of the exercise of the conversion rights by the holders of the Convertible Bonds, an aggregate principal amount of US$500,000, representing approximately 0.2% of the initial aggregate principal amount of the Convertible Bonds, was converted at the conversion price of HK$6.70 per share and cancelled in accordance with the conditions, resulting in a total number of 579,208 shares being issued and credited as fully paid. As of 31 December 2025, the outstanding principal amount of such Convertible Bonds was US$400,000. For details of the aforesaid redemption of certain Convertible Bonds, please refer to the announcement of the Company dated 17 June 2024.

Events after the reporting period

On 13 January 2026, the Company issued the 3-year US$400,000,000 note with an annual interest rate of 5.25%. For details of the aforesaid note, please refer to the announcements of the Company dated 13 January 2026 and 14 January 2026.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The information of the customers and suppliers of the Group during the year is as follows:

	For the year ended 31 December 2025 Percentage of the total income (before business taxes and surcharges) (%)
Top five customers	0.66%
The largest customer	0.17%

	Percentage of total costs (%)
Top five suppliers	15.00%
The largest supplier	5.14%

As far as the Directors are aware, none of the Directors, their close associates or shareholders holding more than 5.00% shares of the Company had any interest in the top five customers or top five suppliers of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Company is committed to building harmonious and mutual relationships with employees, customers, suppliers, investors, the government and the whole society and promotes the healthy, sustainable, stable and harmonious development of the industry economy and the whole society through value sharing and supply. The Company regards employees as valuable assets. For details of employees' talent development and remuneration policy, please refer to the section headed "Human Resources" under "Management Discussion and Analysis" of this annual report. The Company upholds the principle of honesty and trustworthiness, strives to provide customers with quality services and creates a reliable service environment for customers. The Company puts emphasis on the selection of suppliers, encourages fair and open competition and establishes long-term cooperation with quality suppliers on the basis of mutual trust. For the year ended 31 December 2025, the Company has had no significant dispute with its employees, customers or suppliers.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

During the Reporting Period, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Details of related party transactions of the Company for the year ended 31 December 2025 are set out in note 44 to the consolidated financial statements. Save as the related party transactions of payment of compensation to Directors, all the related party transactions as set out under note 44 were not connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of all such related party transactions.

INCENTIVE SCHEMES

The Company adopted a share option scheme (the "2014 Share Option Scheme") on 7 July 2014. Since the total share options under the 2014 Share Option Scheme had been fully granted, on 5 June 2019, the Company adopted a new share option scheme (the "2019 Share Option Scheme") to incentivize and reward the selected participants thereunder. The Company also adopted a restricted share award scheme (the "2014 Restricted Share Award Scheme") on 11 June 2014 and made certain amendments to such scheme on 2 June 2016 and 20 March 2019. For details of the 2014 Share Option Scheme and the 2019 Share Option Scheme, please refer to the 2019 annual report of the Company. For details of the 2014 Restricted Share Award Scheme, please refer to the announcements of the Company dated 11 June 2014, 2 June 2016 and 20 March 2019.

As all restricted shares and all share options under the 2014 Restricted Share Award Scheme and the 2019 Share Option Scheme have been fully granted, the Company has adopted a new restricted share award scheme (the "2024 Restricted Share Award Scheme") on 13 March 2024, and a new share option scheme (the "2024 Share Option Scheme") on 5 June 2024. For details of the 2024 Restricted Share Award Scheme, please refer to the announcement of the Company dated 13 March 2024. For details of the 2024 Share Option Scheme, please refer to the announcements of the Company dated 13 March 2024 and 5 June 2024, as well as the circular dated 2 May 2024.

DIRECTORS' REPORT

2014 Share Option Scheme

The purpose of the 2014 Share Option Scheme is to incentivize and reward selected participants (i.e., senior and middle management personnel, as well as other key employees of the Company or any subsidiary of the Company) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. The eligibility of the selected participants will be decided by the Board or the administration committee of such scheme, at its respective absolute discretion, as to his contribution to the Company or any of its subsidiaries. The 2014 Share Option Scheme is valid for 10 years from 7 July 2014, the date of its adoption. Therefore, as at 31 December 2025, the remaining life of the 2014 Share Option Scheme was 0 year.

The maximum number of new shares in respect of which options may be granted under the 2014 Share Option Scheme shall not exceed 4.00% of the Company's issued share capital as at the date of approval of the 2014 Share Option Scheme by the Shareholders, which is 131,696,000 shares, representing 2.74% of the issued share capital of the Company as at the disclosure date of this report.

The maximum number of shares which are issued and may be issued upon exercise of all options (including exercised and outstanding options) granted to any selected participant within any 12-month period must not exceed 1% of the issued share capital of the Company from time to time. Any grant of further share options above this limit is subject to certain requirements as stipulated in the Listing Rules and the rules of the 2014 Share Option Scheme.

An offer shall be open for acceptance for such period within 14 days inclusive of, and from, the offer date by the selected participant. An offer not accepted within this period shall lapse. An amount of HK$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price under the 2014 Share Option Scheme. The purchase price of HK$1.00 is a nominal consideration. Considering that the selected participants have contributed or will contribute to the Group, the Board is of the view that the consideration of HK$1.00 (instead of any lower or higher amount) to be paid by each selected participant for purchasing each share option is fair and reasonable and the Board considers that such arrangement aligns with the purpose of the 2014 Share Option Scheme where the share options are intended to be granted to the selected participants to reward their contributions to the Group.

The exercise period of the share options granted is determinable by the Board or the administration committee and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price is determined by the Board or the administration committee, and shall not be less than the higher of: (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of the offer of the grant of option; (ii) the average closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant of option; and (iii) the nominal value of the shares as at the date of the offer of the grant of option.

DIRECTORS' REPORT

During the reporting period, no options were granted under the 2014 Share Option Scheme. A summary of the movements of the outstanding share options under the 2014 Share Option Scheme during the year is as follows:

						Number of share options				
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-6)	Outstanding as at 1 January 2025	Granted (Note 8)	Exercised (Note 7)	Lapsed	Cancelled	Outstanding as at 31 December 2025
KONG Fanxing, CEO and executive Director	3 July 2015	3 July 2017 - 3 July 2019	3 July 2017 - 3 July 2025	7.17	1,856,913	–	–	1,856,913	–	–
KONG Fanxing, CEO and executive Director	15 June 2016	15 June 2018 - 15 June 2020	15 June 2018 - 15 June 2026	5.714	3,292,400	–	–	–	–	3,292,400
KONG Fanxing, CEO and executive Director	20 June 2017	20 June 2019 - 20 June 2021	20 June 2019 - 20 June 2027	6.82	3,292,400	–	–	–	–	3,292,400
KONG Fanxing, CEO and executive Director	18 July 2018	18 July 2020 - 18 July 2022	18 July 2020 - 18 July 2028	7.36	3,410,926	–	–	–	–	3,410,926
WANG Mingzhe, CFO and executive Director	3 July 2015	3 July 2017 - 3 July 2019	3 July 2017 - 3 July 2025	7.17	594,212	–	–	594,212	–	–
WANG Mingzhe, CFO and executive Director	15 June 2016	15 June 2018 - 15 June 2020	15 June 2018 - 15 June 2026	5.714	1,053,568	–	–	–	–	1,053,568
WANG Mingzhe, CFO and executive Director	20 June 2017	20 June 2019 - 20 June 2021	20 June 2019 - 20 June 2027	6.82	1,037,106	–	–	–	–	1,037,106
WANG Mingzhe, CFO and executive Director	18 July 2018	18 July 2020 - 18 July 2022	18 July 2020 - 18 July 2028	7.36	1,074,442	–	–	–	–	1,074,442
CAO Jian, Senior Vice President and executive Director	3 July 2015	3 July 2017 - 3 July 2019	3 July 2017 - 3 July 2025	7.17	594,212	–	–	594,212	–	–
CAO Jian, Senior Vice President and executive Director	15 June 2016	15 June 2018 - 15 June 2020	15 June 2018 - 15 June 2026	5.714	240,568	–	240,568	–	–	–

DIRECTORS' REPORT

					Number of share options					
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-6)	Outstanding as at 1 January 2025	Granted (Note 8)	Exercised (Note 7)	Lapsed	Cancelled	Outstanding as at 31 December 2025
CAO Jian, Senior Vice President and executive Director	20 June 2017	20 June 2019 - 20 June 2021	20 June 2019 - 20 June 2027	6.82	897,106	–	897,106	–	–	–
CAO Jian, Senior Vice President and executive Director	18 July 2018	18 July 2020 - 18 July 2022	18 July 2020 - 18 July 2028	7.36	1,074,442	–	–	–	–	1,074,442
SUBTOTAL FOR DIRECTORS					**18,418,295**	**–**	**1,137,674**	**3,045,337**	**–**	**14,235,284**
Employees	3 July 2015	3 July 2017 - 3 July 2019	3 July 2017 - 3 July 2025	7.17	3,662,306	–	–	3,624,196	38,110	–
Employees	15 June 2016	15 June 2018 - 15 June 2020	15 June 2018 - 15 June 2026	5.714	4,384,507	–	3,570,391	–	1,310	812,806
Employees	20 June 2017	20 June 2019 - 20 June 2021	20 June 2019 - 20 June 2027	6.82	8,137,521	–	4,782,110	–	110,112	3,245,299
Employees	18 July 2018	18 July 2020 - 18 July 2022	18 July 2020 - 18 July 2028	7.36	8,827,053	–	3,217,587	–	168,841	5,440,625
Total					**43,429,682**	**–**	**12,707,762**	**6,669,533**	**318,373**	**23,734,014**

Note 1: Subject to the rules of the 2014 Share Option Scheme, the options granted will be vested to the grantees at the second, third and fourth anniversary of the date of grant at an average amount.

Note 2: According to the 2014 Share Option Scheme, the options shall be exercised within the Option Period. "Option Period" shall mean, in respect of any particular option, a period (which may not be later than 10 years from the offer date of that option) to be determined and notified by the Board or the administration committee to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses; and (ii) 10 years from the offer date of that option. There is no minimum period for which any vested option must be held before it can be exercised and no performance target which need to be achieved by a grantee before the vested options can be exercised.

Note 3: The exercise price is not less than the higher of (i) the closing price of HK$6.88 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 3 July 2015 (i.e. the grant date) and (ii) the average closing price of HK$7.17 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 3 July 2015. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$6.80 per share.

DIRECTORS' REPORT

Note 4: The exercise price is not less than the higher of (i) the closing price of HK$5.60 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 15 June 2016 (i.e. the grant date) and (ii) the average closing price of HK$5.714 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 15 June 2016. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$5.58 per share.

Note 5: The exercise price is not less than the higher of (i) the closing price of HK$6.82 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 20 June 2017 (i.e. the grant date) and (ii) the average closing price of HK$6.714 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 20 June 2017. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$6.80 per share.

Note 6: The exercise price is not less than the higher of (i) the closing price of HK$7.36 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 18 July 2018 (i.e. the grant date) and (ii) the average closing price of HK$7.032 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 18 July 2018. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$7.18 per share.

Note 7: In respect of the exercise of options by Mr. CAO Jian during the reporting period, the weighted average closing price of shares immediately before the dates on which the options were exercised is HK$7.38. In respect of the exercise of options by the employees during the reporting period, the weighted average closing price of shares immediately before the dates on which the options were exercised is HK$7.6934.

Note 8: No option is available for grant under the 2014 Share Option Scheme as at the beginning and the end of the reporting period. During the reporting period, the Company granted a total of 34,521,086 options under all share option schemes (including the 2014 Share Option Scheme, the 2019 Share Option Scheme and the 2024 Share Option Scheme). Therefore, the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the reporting period divided by the weighted average number of shares in issue for the reporting period as required under Rule 17.07(3) of the Listing Rules is 0.0077.

Please refer to note 36 to the financial statements for details of accounting treatment for share options of the 2014 Share Option Scheme.

2019 Share Option Scheme

The purpose of the 2019 Share Option Scheme is to incentivize and reward selected participants (i.e., senior and middle management personnel, as well as other key employees of the Company or any subsidiary of the Company) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. The eligibility of the selected participants will be decided by the Board or the administration committee of such scheme, at its respective absolute discretion, as to his contribution to the Company or any of its subsidiaries. The 2019 Share Option Scheme is valid for 10 years from 5 June 2019, the date of its adoption. Therefore, as at 31 December 2025, the remaining life of the 2019 Share Option Scheme was approximately 3.5 years.

The maximum number of new shares in respect of which options may be granted under the 2019 Share Option Scheme shall not exceed 4.00% of the Company's issued share capital as at the date of approval of the 2019 Share Option Scheme by the Shareholders, which is 158,167,904 shares, representing 3.29% of the issued share capital of the Company as at the disclosure date of this report.

DIRECTORS' REPORT

The maximum number of shares which are issued and may be issued upon exercise of all options (including exercised and outstanding options) granted to any selected participant within any 12-month period must not exceed 1.00% of the issued share capital of the Company from time to time. Any grant of further share options above this limit is subject to certain requirements as stipulated in the Listing Rules and the rules of the 2019 Share Option Scheme.

An offer shall be open for acceptance for such period within 14 days inclusive of, and from, the offer date by the selected participant. An offer not accepted within this period shall lapse. An amount of HK$1.00 is payable upon acceptance of the grant of options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price under the 2019 Share Option Scheme. The purchase price of HK$1.00 is a nominal consideration. Considering that the selected participants have contributed or will contribute to the Group, the Board is of the view that the consideration of HK$1.00 (instead of any lower or higher amount) to be paid by each selected participant for purchasing each share option is fair and reasonable and the Board considers that such arrangement aligns with the purpose of the 2019 Share Option Scheme where the share options are intended to be granted to the selected participants to reward their contributions to the Group.

The exercise period of the share options granted is determinable by the Board or the administration committee and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price is determined by the Board or the administration committee, and shall not be less than the higher of: (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of the offer of the grant of option; and (ii) the average closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant of option.

During the reporting period, no options were granted under the 2019 Share Option Scheme. A summary of the movements of the outstanding share options under the 2019 Share Option Scheme during the year is as follows:

					Number of share options					
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-7)	Outstanding as at 1 January 2025	Granted (Notes 9)	Exercised (Note 8)	Lapsed	Cancelled	Outstanding as at 31 December 2025
KONG Fanxing, CEO and executive Director	19 July 2019	19 July 2020 - 19 July 2022	19 July 2020 - 19 July 2029	7.618	3,163,358	–	–	–	–	3,163,358
KONG Fanxing, CEO and executive Director	23 July 2020	23 July 2021 - 23 July 2023	23 July 2021 - 23 July 2030	6.70	3,748,579	–	–	–	–	3,748,579
KONG Fanxing, CEO and executive Director	26 July 2021	26 July 2022 - 26 July 2024	26 July 2022 - 26 July 2031	8.40	4,164,656	–	–	–	–	4,164,656
KONG Fanxing, CEO and executive Director	27 July 2022	27 July 2023 - 27 July 2025	27 July 2023 - 27 July 2032	6.378	4,315,460	–	–	–	–	4,315,460
KONG Fanxing, CEO and executive Director	10 August 2023	10 August 2024 - 10 August 2026	10 August 2024 - 10 August 2033	5.58	4,317,610	–	–	–	–	4,317,610

DIRECTORS' REPORT

					Number of share options					
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-7)	Outstanding as at 1 January 2025	Granted (Notes 9)	Exercised (Note 8)	Lapsed	Cancelled	Outstanding as at 31 December 2025
WANG Mingzhe, CFO and executive Director	19 July 2019	19 July 2020 - 19 July 2022	19 July 2020 - 19 July 2029	7.618	996,458	–	–	–	–	996,458
WANG Mingzhe, CFO and executive Director	23 July 2020	23 July 2021 - 23 July 2023	23 July 2021 - 23 July 2030	6.70	1,614,388	–	–	–	–	1,614,388
WANG Mingzhe, CFO and executive Director	26 July 2021	26 July 2022 - 26 July 2024	26 July 2022 - 26 July 2031	8.40	2,357,201	–	–	–	–	2,357,201
WANG Mingzhe, CFO and executive Director	27 July 2022	27 July 2023 - 27 July 2025	27 July 2023 - 27 July 2032	6.378	2,258,366	–	–	–	–	2,258,366
WANG Mingzhe, CFO and executive Director	10 August 2023	10 August 2024 - 10 August 2026	10 August 2024 - 10 August 2033	5.58	2,247,493	–	–	–	–	2,247,493
CAO Jian, Senior Vice President and executive Director	19 July 2019	19 July 2020 - 19 July 2022	19 July 2020 - 19 July 2029	7.618	996,458	–	–	–	–	996,458
CAO Jian, Senior Vice President and executive Director	23 July 2020	23 July 2021 - 23 July 2023	23 July 2021 - 23 July 2030	6.70	1,614,388	–	1,300,000	–	–	314,388
CAO Jian, Senior Vice President and executive Director	26 July 2021	26 July 2022 - 26 July 2024	26 July 2022 - 26 July 2031	8.40	2,357,201	–	–	–	–	2,357,201
CAO Jian, Senior Vice President and executive Director	27 July 2022	27 July 2023 - 27 July 2025	27 July 2023 - 27 July 2032	6.378	2,258,366	–	–	–	–	2,258,366
CAO Jian, Senior Vice President and executive Director	10 August 2023	10 August 2024 - 10 August 2026	10 August 2024 - 10 August 2033	5.58	2,247,493	–	–	–	–	2,247,493
SUBTOTAL FOR DIRECTORS					**38,657,475**	**–**	**1,300,000**	**–**	**–**	**37,357,475**

DIRECTORS' REPORT

						Number of share options				
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-7)	Outstanding as at 1 January 2025	Granted (Notes 9)	Exercised (Note 8)	Lapsed	Cancelled	Outstanding as at 31 December 2025
Employees	19 July 2019	19 July 2020 - 19 July 2022	19 July 2020 - 19 July 2029	7.618	8,675,426	–	2,440,573	–	259,395	5,975,458
Employees	23 July 2020	23 July 2021 - 23 July 2023	23 July 2021 - 23 July 2030	6.70	11,942,211	–	5,936,746	–	614,766	5,390,699
Employees	26 July 2021	26 July 2022 - 26 July 2024	26 July 2022 - 26 July 2031	8.40	19,358,152	–	–	–	884,678	18,473,474
Employees	27 July 2022	27 July 2023 - 27 July 2025	27 July 2023 - 27 July 2032	6.378	22,444,673	–	9,688,243	–	1,668,015	11,088,415
Employees	10 August 2023	10 August 2024 - 10 August 2026	10 August 2024 - 10 August 2033	5.58	23,608,228	–	9,542,469	–	1,466,294	12,599,465
Total					**124,686,165**	**–**	**28,908,031**	**–**	**4,893,148**	**90,884,986**

Note 1: Subject to the rules of the 2019 Share Option Scheme, the options granted will be vested to the grantees at the first, second and third anniversary of the date of grant at an average amount.

Note 2: According to the 2019 Share Option Scheme, the options shall be exercised within the Option Period. "Option Period" shall mean, in respect of any particular option, a period (which may not be later than 10 years from the offer date of that option) to be determined and notified by the Board or the administration committee to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses; and (ii) 10 years from the offer date of that option. There is no minimum period for which any vested option must be held before it can be exercised and no performance target which need to be achieved by a grantee before the vested options can be exercised.

Note 3: The exercise price is not less than the higher of (i) the closing price of HK$7.40 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 19 July 2019 (i.e. the grant date) and (ii) the average closing price of HK$7.618 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 19 July 2019. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$7.38 per share.

Note 4: The exercise price is not less than the higher of (i) the closing price of HK$6.48 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 23 July 2020 (i.e. the grant date) and (ii) the average closing price of HK$6.70 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 23 July 2020. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$6.55 per share.

Note 5: The exercise price is not less than the higher of (i) the closing price of HK$8.40 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 26 July 2021 (i.e. the grant date) and (ii) the average closing price of HK$8.202 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 26 July 2021. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$8.32 per share.

Note 6: The exercise price is not less than the higher of (i) the closing price of HK$6.34 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 27 July 2022 (i.e. the grant date) and (ii) the average closing price of HK$6.378 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 27 July 2022. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$6.42 per share.

Note 7: The exercise price is not less than the higher of (i) the closing price of HK$5.39 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 10 August 2023 (i.e. the grant date) and (ii) the average closing price of HK$5.58 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 10 August 2023. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$5.55 per share.

DIRECTORS' REPORT

Note 8: In respect of the exercise of options by Mr. CAO Jian during the reporting period, the weighted average closing price of shares immediately before the dates on which the options were exercised is HK$7.37. In respect of the exercise of options by the employees during the reporting period, the weighted average closing price of shares immediately before the dates on which the options were exercised is HK$7.4866.

Note 9: No option is available for grant under the 2019 Share Option Scheme at the beginning and the end of the reporting period. During the reporting period, the Company granted a total of 34,521,086 options under all share option schemes (including the 2014 Share Option Scheme, the 2019 Share Option Scheme and the 2024 Share Option Scheme). Therefore, the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the reporting period divided by the weighted average number of shares in issue for the reporting period as required under Rule 17.07(3) of the Listing Rules is 0.0077.

Please refer to note 36 to the financial statements for details of accounting treatment of the 2019 Share Option Scheme.

2024 Share Option Scheme

The purpose of the 2024 Share Option Scheme is to reward the participants for their contribution to the Group and to encourage the participants to continue their efforts towards enhancing the value of the Company and its shares in the interests of the Company and all its Shareholders. Participants of the 2024 Share Option Scheme include employee participants who meet the conditions of participation as set out in the Listing Rules and the 2024 Share Option Scheme, specifically, include the senior management, middle management and other key employees of the Company or any subsidiary of the Company who meet the conditions of participation as set out in the Listing Rules and the 2024 Share Option Scheme. In determining the basis of eligibility of employee participants, their employment status with the Group, such as for how long they have been an employee, the managerial or key positions held and the corresponding functions assumed, individual expertise, skills or experience, contribution to the operation and management of the Group, and such other factors as may be deemed appropriate by the Board or the administration committee in its sole discretion will be taken in consideration. The 2024 Share Option Scheme is valid for 10 years from 5 June 2024, the date of its adoption. Therefore, as at 31 December 2025, the remaining life of the 2024 Share Option Scheme was approximately 8.5 years.

The maximum number of new shares in respect of which options may be granted under the 2024 Share Option Scheme shall not exceed 4.00% of the Company's issued share capital as at the date of approval of the 2024 Share Option Scheme by the Shareholders, which is 172,770,846 shares, representing 3.60% of the issued share capital of the Company as at the disclosure date of this report.

The maximum number of shares which are issued and to be issued upon exercise of share options (including exercised and unexercised share options) by any participant within any 12-month period must not exceed 1% of the issued shares from time to time. In the event that any further share options will be granted to such participant, which will result in the total number of shares issued and to be issued under all share options and awards granted to him/her (excluding the lapsed options and awards under the terms of the scheme) within the 12-month period up to and inclusive of the date of such further grant in excess of 1% of the issued shares, such grant would be approved by the Shareholders of the Company in general meetings, and such participant and his/her close associates (or his/her associates if the participant is a connected person) shall abstain from voting.

Any grant of a share option to any director, chief executive or substantial Shareholder of the Company or their respective associates shall require the prior approval of the independent non-executive Directors of the Company (excluding the independent non-executive Director who is to be granted such share options). If the grant of a share option to any substantial shareholder or independent non-executive Director of the Company or any of their respective associates would result in the issue and proposed issue of shares in respect of all share options granted (excluding any options and awards lapsed in accordance with the scheme) in the twelve months prior to and including the date of such grant exceeding 0.1% of the total number of

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Shares of the Company in issue as at the date of the aforesaid grant, the further grant of the share option must be approved by the Shareholders of the Company at a general meeting in the manner as set out in Rule 17.04(4) of the Listing Rules, and the grantee and his/her associates and all core connected persons of the Company shall abstain from voting and a circular shall be despatched to Shareholders under the Listing Rules.

An offer shall be open for acceptance for such period within 14 days after the offer date by the selected participant. An offer not accepted within this period shall lapse. If the Company receives, within the period of the acceptance date, a letter of offer of share options duly signed by such participant specifying the number of Shares in respect of which he/she accepts the offer of share options and, at the same time, receives from him/her a remittance to the Company of the consideration for the grant of the share options in the amount of HK$1.00, the share options in respect of which the letter of offer of share options is signed shall be deemed to have been granted and to have become effective. The consideration of HK$1.00 for the grant of the share options is nominal only and taking into account the contributions made or to be made by the participants to the Group, the Board considers that the nominal consideration of HK$1.00 to be paid by each participant for the purchase of each of the share options is fair and reasonable and that such arrangement is in line with the purpose of the share option scheme, i.e. it is intended that share options be granted to the participants to incentivize them for their contribution to the Group.

In accordance with the rules of the 2024 Share Option Scheme, share options shall be exercised within the share option period determined by the Board or the Administration Committee (which may not be later than 10 years from the granting date of relevant share options). The exercise price shall be determined in the sole discretion of the Board or the Administration Committee but shall in no event be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the granting date, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the granting date.

The share options will be vested according to the following vesting schedule:

Vesting date	Number of share options to be vested
The date of the first anniversary of the granting date	One-third of the share options (the number of Shares rounded to the nearest whole number)
The date of the second anniversary of the granting date	One-third of the share options (the number of Shares rounded to the nearest whole number)
The date of the third anniversary of the granting date	The remaining of the share options (the number of Shares rounded to the nearest whole number)

The Board or the administration committee has the right to adjust the vesting period arrangement as described above, provided that the vesting period will not be shorter than 12 months and the requirements relating to the vesting period as set out in Rule 17.03F of the Listing Rules and the relevant guidelines are met.

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During the reporting period, share options entitling holders to subscribe a total of 9,291,881 Shares were granted to three executive Directors, and the remaining share options entitling holders to subscribe a total of 25,229,205 shares were granted to 93 grantees under the share option scheme. A summary of the movements of the outstanding share options under the 2024 Share Option Scheme during the year is as follows:

					Number of share options					
Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Note 3-4)	Outstanding as at 1 January 2025	Granted (Note 5-6)	Exercised (Note 7)	Lapsed	Cancelled	Outstanding as at 31 December 2025
KONG Fanxing, CEO and executive Director	12 August 2024	12 August 2025 – 12 August 2027	12 August 2025 – 12 August 2034	5.39	4,319,900	–	–	–	–	4,319,900
KONG Fanxing, CEO and executive Director	13 August 2025	13 August 2026 – 13 August 2028	13 August 2026 – 13 August 2035	7.53	–	4,762,087	–	–	–	4,762,087
WANG Mingzhe, CFO and executive Director	12 August 2024	12 August 2025 – 12 August 2027	12 August 2025 – 12 August 2034	5.39	2,258,770	–	–	–	–	2,258,770
WANG Mingzhe, CFO and executive Director	13 August 2025	13 August 2026 – 13 August 2028	13 August 2026 – 13 August 2035	7.53	–	2,264,897	–	–	–	2,264,897
CAO Jian, Senior Vice President and executive Director	12 August 2024	12 August 2025 – 12 August 2027	12 August 2025 – 12 August 2034	5.39	2,258,770	–	–	–	–	2,258,770
CAO Jian, Senior Vice President and executive Director	13 August 2025	13 August 2026 – 13 August 2028	13 August 2026 – 13 August 2035	7.53	–	2,264,897	–	–	–	2,264,897
SUBTOTAL FOR DIRECTORS					**8,837,440**	**9,291,881**	–	–	–	**18,129,321**
Employees	12 August 2024	12 August 2025 – 12 August 2027	12 August 2025 – 12 August 2034	5.39	25,683,646	–	4,142,093	–	1,061,342	20,480,211
Employees	13 August 2025	13 August 2026 – 13 August 2028	13 August 2026 – 13 August 2035	7.53	–	25,229,205	–	–	–	25,229,205
Total					**34,521,086**	**34,521,086**	**4,142,093**	–	**1,061,342**	**63,838,737**

Note 1: Subject to the rules of the 2024 Share Option Scheme, the options granted will be vested to the grantees at the first, second and third anniversary of the date of grant at an average amount.

Note 2: According to the 2024 Share Option Scheme, the options shall be exercised within the Option Period. "Option Period" shall mean, in respect of any particular option, a period (which may not be later than 10 years from the offer date of that option) to be determined and notified by the Board or the administration committee to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses; and (ii) 10 years from the offer date of that option. There is no minimum period for which any vested option must be held before it can be exercised and no performance target which need to be achieved by a grantee before the vested options can be exercised.

Note 3: The exercise price is not less than the higher of (i) the closing price of HK$5.39 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 12 August 2024 (i.e. the grant date) and (ii) the average closing price of HK$5.34 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 12 August 2024. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$5.46 per share.

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Note 4: The exercise price is not less than the higher of (i) the closing price of HK$7.53 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 13 August 2025 (i.e. the grant date) and (ii) the average closing price of HK$7.514 per share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 13 August 2025. The Share does not carry nominal value. The closing price of shares immediately before the date on which the options were granted is HK$7.37 per share.

Note 5: Pursuant to the rules of 2024 Share Option Scheme, the Board or the administration committee may, from time to time, in their respective absolute discretion, select the grantees and determine the number of share options to be granted in accordance with the rules of 2024 Share Option Scheme after taking into account a number of factors which they consider appropriate for the grant of share options under the 2024 Share Option Scheme. The terms on which share options are granted may be determined by the Board or the administration committee in their respective absolute discretion. The Board or the administration committee may, in its sole discretion, when offering share options, may impose any conditions, restrictions or limitations in relation thereto in addition to the rules of 2024 Share Option Scheme as it may deem appropriate (as set out in the letter containing the grant of the offer of the share options), including the performance, operating or financial targets to be achieved by the Company, the Company's subsidiary(ies) and/or the grantee, certain conditions or obligations or performance targets to be met or satisfactorily performed by the grantee who is granted the share options (including, as the case may be, his/her expertise, skills or experience, contribution to the Group, performance and synergies at work, achievement of performance targets or annual appraisal results, key performance indicators of respective department(s) that the grantee belongs), and the vesting time for the grantee to exercise all or part of his/her share options, provided that the terms and conditions shall not be inconsistent with any other terms of the 2024 Share Option Scheme. The Board or the administration committee will conduct assessment by comparing the actual performance, operating or financial results of the Company, the Company's subsidiary(ies) and the actual performance of the grantee with the pre-determined targets or individual performance indicators to determine whether or to what extent the performance targets have been met. Such pre-determined targets or individual performance indicators may be set by the Board or the administration committee on a case by case basis with reference to factors including the specific position and role of the relevant grantee, and the overall business plan, strategy and the expected financial performance of the Group in the relevant period. The performance target will be deemed to be met when the actual level achieved reaches or exceeds the level of the pre-determined targets or individual performance indicators.

Note 6: At the beginning and the end of the reporting period, 138,249,760 and 103,728,674 option(s) was/were available for grant under the 2024 Share Option Scheme, respectively. During the reporting period, the Company granted a total of 34,521,086 options under all share option schemes (including the 2014 Share Option Scheme, the 2019 Share Option Scheme and the 2024 Share Option Scheme). Therefore, the number of shares that may be issued in respect of the share options granted under all the share option schemes of the Company during the reporting period divided by the weighted average number of shares in issue for the reporting period as required under Rule 17.07(3) of the Listing Rules is 0.0077.

Note 7: No options were exercised by the directors under the 2024 Share Option Scheme during the reporting period. The weighted average closing price of shares immediately before the dates on which the options were exercised by employees is HK$7.6128.

During the year ended 31 December 2025, the aggregated fair value of the options granted on 13 August 2025 under the 2024 Share Option Scheme was RMB37,395,000. The estimated value of the options granted on that date to Mr. KONG Fanxing, Mr. WANG Mingzhe, Mr. CAO Jian and other eligible employees was as follows:

Grantee	Date of grant	Total number granted	Fair value of share options granted
			RMB'000
KONG Fanxing	13 August 2025	4,762,087	5,159
WANG Mingzhe	13 August 2025	2,264,897	2,453
CAO Jian	13 August 2025	2,264,897	2,453
Employees	13 August 2025	25,229,205	27,330
Total		**34,521,086**	**37,395**

Please refer to note 36 to the financial statements for details of accounting standards and policies for the fair value of options granted as at 13 August 2025.

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2014 Restricted Share Award Scheme

The 2014 Restricted Share Award Scheme (revised twice by the Board on 2 June 2016 and 20 March 2019) aims to incentivize and reward the selected participants (i.e. senior and middle management personnel, as well as other key employees of the Company or any of subsidiaries of the Company) for their contribution to the Group and align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. The eligibility for selected participants will be decided by the Board or the administration committee of the 2014 Restricted Share Award Scheme, at its respective absolute discretion, as to his/her contribution to the Company or any of its subsidiaries. According to the rules of the 2014 Restricted Share Award Scheme, the restricted shares will be shares purchased by the trustee (an independent third party of the Company) with cash paid by the Company to the trustee from its own funds, and will be held on trust on behalf of the relevant selected grantees until such restricted shares are vested with the relevant selected grantees in accordance with the rules of the 2014 Restricted Share Award Scheme and the award conditions (if any) of such restricted shares.

The maximum number of shares that may be granted under the 2014 Restricted Share Award Scheme shall not exceed the sum of the following: (i) 6.00% of the total number of issued shares when the Board approved the adoption of the 2014 Restricted Share Award Scheme on 11 June 2014, that is, 197,544,000 shares (accounting for approximately 4.11% of the issued share capital of the Company as at the disclosure date of this report); and (ii) 6.00% of the total number of issued shares when the Board approved the adoption of the revised 2014 Restricted Share Award Scheme on 20 March 2019, i.e. 237,251,856 shares (accounting for approximately 4.94% of the issued share capital of the Company as at the disclosure date of this report). There is no agreed limit on the upper limit of shares that may be granted for each grantee under the 2014 Restricted Share Award Scheme, and the grantee is not required to pay any amount for accepting the restricted share award granted.

An offer shall be open for acceptance for such period within 28 days inclusive of, and from, the offer date by the selected participant. An offer not accepted within this period shall lapse.

According to the rules of the 2014 Restricted Share Award Scheme, unless the 2014 Restricted Share Award Scheme is terminated early according to the resolution of the Board or the resolution of the Company's general meeting, the 2014 Restricted Share Award Scheme will remain valid.

During the reporting period, the Company did not grant any shares and an aggregate of 24,807,859 shares were vested under the 2014 Restricted Share Award Scheme. As at 31 December 2025, there were no more shares to be granted under the 2014 Restricted Share Award Scheme.

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The changes in the unvested restricted shares under the 2014 Restricted Share Award Scheme in 2025 are summarized as follows:

				Changes in the number of restricted shares during the reporting period				
Grantee	Date of grant	Vesting period (Note 1)	Not yet vested as at 1 January 2025	Granted (Notes 2, 5)	Vested (Note 3)	Lapsed	Cancelled	Not yet vested as at 31 December 2025
KONG Fanxing, CEO and executive Director	27 July 2022	27 July 2023 – 27 July 2025	2,651,471	–	2,651,471	–	–	–
KONG Fanxing, CEO and executive Director	10 August 2023	10 August 2024 – 10 August 2026	5,355,103	–	2,677,551	–	–	2,677,552
WANG Mingzhe, CFO and executive Director	27 July 2022	27 July 2023 – 27 July 2025	1,091,426	–	1,091,426	–	–	–
WANG Mingzhe, CFO and executive Director	10 August 2023	10 August 2024 – 10 August 2026	2,168,531	–	1,084,265	–	–	1,084,266
CAO Jian, Senior Vice President and executive Director	27 July 2022	27 July 2023 – 27 July 2025	1,091,426	–	1,091,426	–	–	–
CAO Jian, Senior Vice President and executive Director	10 August 2023	10 August 2024 – 10 August 2026	2,168,531	–	1,084,265	–	–	1,084,266
SUBTOTAL FOR DIRECTORS			**14,526,488**	**–**	**9,680,404**	**–**	**–**	**4,846,084**
Employees	27 July 2022	27 July 2023 – 27 July 2025	11,090,592	–	7,307,747	–	3,782,845	–
Employees	10 August 2023	10 August 2024 – 10 August 2026	23,158,259	–	7,819,708	–	4,157,242	11,181,309
SUBTOTAL FOR EMPLOYEES			**34,248,851**	**–**	**15,127,455**	**–**	**7,940,087**	**11,181,309**
TOTAL			**48,775,339**	**–**	**24,807,859**	**–**	**7,940,087**	**16,027,393**
Five highest paid employees	27 July 2022	27 July 2023 – 27 July 2025	6,145,714	–	6,145,714	–	–	–
Five highest paid employees	10 August 2023	10 August 2024 – 10 August 2026	12,199,321	–	6,099,658	–	–	6,099,663
TOTAL (FIVE HIGHEST PAID EMPLOYEES)			**18,345,035**	**–**	**12,245,372**	**–**	**–**	**6,099,663**

Note 1: Subject to the rules of the Award Scheme, the restricted shares will be vested to the grantees at the first, second and third anniversary of the date of grant at an average amount. The rules of the Award Scheme do not stipulate the exercise period of the restricted shares granted.

Note 2: According to the rules of the Award Scheme, the Board shall consider certain matters when determining the grant of such restricted shares to the grantees, including but not limited to: i. the current and expected contribution of the grantees to the Group's profits; ii. the general financial status of the Group; iii. the overall business objectives and future development plans of the Group; and iv. any other matters deemed relevant by the Board or the administration committee.

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Note 3: A total of 24,807,859 shares were vested under the Award Scheme during the reporting period. In respect of the vesting of restricted shares to Mr. KONG Fanxing during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to Mr. WANG Mingzhe during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to Mr. CAO Jian during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to the employees during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to the five highest paid employees during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38.

Note 4: As at 1 January 2025 and 31 December 2025, the number of shares available for grant under the Award Scheme was 0.

Note 5: The 2014 Restricted Share Award Scheme does not involve the issuance of new shares. Therefore, the disclosure of the number of shares that may be issued in respect of the restricted shares granted under the 2014 Restricted Share Award Scheme during the reporting period divided by the weighted average number of shares in issue for the reporting period as required under Rule 17.07(3) of the Listing Rules is not applicable.

2024 Restricted Share Award Scheme

The purpose of the 2024 Restricted Share Award Scheme is to provide participants with an opportunity to gain ownership in the Company; to encourage and retain participants to work for the Company; and to provide additional incentives which motivate them in achieving performance targets, so as to fulfill the goal of increasing the value of the Company and to connect the participants' interests directly to those of the Shareholders of the Company through the ownership of shares. Participants of 2024 Restricted Share Award Scheme are employee participants who meet the conditions of participation as set out in the rules of 2024 Restricted Share Award Scheme, specifically, include the senior management, middle management and other key employees of the Company or any subsidiary of the Company who meet the conditions of participation as set out in the 2024 Restricted Share Award Scheme. In determining the basis of eligibility of employee participants, their employment status with the Group, such as for how long they have been an employee, the managerial or key positions and the corresponding functions assumed, individual expertise, skills or experience, contribution to the operation and management of the Group, and such other factors as may be deemed appropriate by the Board or the administration committee in its sole discretion will be taken in consideration. Pursuant to the rules of the 2024 Restricted Share Award Scheme, the restricted shares will be shares purchased in the secondary market by the trustee out of the Company's own funds to the trustee, and will be held in trust on behalf of the grantees until such restricted shares are vested to the grantees in accordance with the 2024 Restricted Share Award Scheme.

The maximum number of restricted shares that may be granted under the 2024 Restricted Share Award Scheme shall not exceed 6.00% of the total number of issued shares of the Company when the Board approved the adoption of the 2024 Restricted Share Award Scheme on 13 March 2024, i.e. 258,908,151 Shares (accounting for approximately 5.39% of the issued share capital of the Company as at the disclosure date of this report). There is no agreed limit on the upper limit of shares that may be granted for each grantee under the 2024 Restricted Share Award Scheme, and the grantee is not required to pay any amount for accepting the restricted shares granted.

An offer shall be open for acceptance for such period within 28 days after the offer date by the selected participant. An offer not accepted within this period shall lapse.

According to the rules of the 2024 Restricted Share Award Scheme, unless the 2024 Restricted Share Award Scheme is terminated early according to the resolution of the Board, the 2024 Restricted Share Award Scheme will remain valid.

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The vesting of restricted shares granted under the 2024 Restricted Share Award Scheme is subject to the achievement of the Company's performance targets for the previous year (based on the budget targets approved by the Board for the previous year, including net profit growth rate, EPS growth rate, ROE, etc.), and other vesting conditions specified in the 2024 Restricted Share Award Scheme. Upon fulfillment of the vesting conditions, one-third of the restricted shares granted to selected grantees will be vested on the first anniversary of the granting date, one-third on the second anniversary of the granting date and the remaining on the third anniversary of the granting date.

During the reporting period, a total of 51,781,630 shares were granted under the 2024 Restricted Share Award Scheme and an aggregate of 14,413,183 shares were vested. As at 31 December 2025, the remaining shares to be granted under the 2024 Restricted Share Award Scheme were 155,344,891 shares.

The changes in the unvested restricted shares under the 2024 Restricted Share Award Scheme in 2025 are summarized as follows:

				Changes in the number of restricted shares during the reporting period				
Grantee	Date of grant	Vesting period (Note 1)	Not yet vested as at 1 January 2025	Granted (Notes 2, 4, 5)	Vested (Note 3)	Lapsed	Cancelled	Not yet vested as at 31 December 2025
KONG Fanxing, CEO and executive Director	12 August 2024	12 August 2025 – 12 August 2027	8,131,784	–	2,710,595	–	–	5,421,189
KONG Fanxing, CEO and executive Director	13 August 2025	13 August 2026-13 August 2028	–	7,833,795	–	–	–	7,833,795
WANG Mingzhe, CFO and executive Director	12 August 2024	12 August 2025 – 12 August 2027	3,264,604	–	1,088,201	–	–	2,176,403
WANG Mingzhe, CFO and executive Director	13 August 2025	13 August 2026-13 August 2028	–	3,344,780	–	–	–	3,344,780
CAO Jian, Senior Vice President and executive Director	12 August 2024	12 August 2025 – 12 August 2027	3,264,604	–	1,088,201	–	–	2,176,403
CAO Jian, Senior Vice President and executive Director	13 August 2025	13 August 2026-13 August 2028	–	3,344,780	–	–	–	3,344,780
SUBTOTAL FOR DIRECTORS			**14,660,992**	**14,523,355**	**4,886,997**	**–**	**–**	**24,297,350**
Employees	12 August 2024	12 August 2025 – 12 August 2027	37,120,638	–	9,526,186	–	3,443,352	24,151,100
Employees	13 August 2025	13 August 2026-13 August 2028	–	37,258,275	–	–	–	37,258,275
SUBTOTAL FOR EMPLOYEES			**37,120,638**	**37,258,275**	**9,526,186**	**–**	**3,443,352**	**61,409,375**
Total			**51,781,630**	**51,781,630**	**14,413,183**	**–**	**3,443,352**	**85,706,725**
Five highest paid employees	12 August 2024	12 August 2025 – 12 August 2027	18,486,700	–	6,162,233	–	–	12,324,467
Five highest paid employees	13 August 2025	13 August 2026-13 August 2028	–	18,434,174	–	–	–	18,434,174
TOTAL (FIVE HIGHEST PAID EMPLOYEES)			**18,486,700**	**18,434,174**	**6,162,233**	**–**	**–**	**30,758,641**

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Note 1: Subject to the rules of the 2024 Restricted Share Award Scheme, the restricted shares will be vested to the grantees at the first, second and third anniversary of the date of grant at an average amount. The rules of the 2024 Restricted Share Award Scheme do not stipulate the exercise period of the restricted shares granted.

Note 2: Pursuant to the rules of the 2024 Restricted Share Award Scheme, the Board or the administration committees may, from time to time, at their respective sole discretion select grantee(s) pursuant to the rules of the 2024 Restricted Share Award Scheme and grant restricted shares to such selected grantee(s). In determining the number of restricted shares to be granted to any selected grantee, the Board or the administration committee shall take into account certain matters, including but not limited to: (a) the current and expected contribution of the selected grantees to the Group's profit; (b) expertise, skills or experience, the performance and synergies in the workplace, and the achievement of performance indicators of the selected grantees; (c) the general financial position, overall business objectives and future development plans of the Group; and (d) any other matter that the Board or the administration committee considers relevant. The closing price immediately before the date of grant of such restricted shares was HK$5.46 per share.

Note 3: A total of 14,413,183 shares were vested under the Award Scheme during the reporting period. In respect of the vesting of restricted shares to Mr. KONG Fanxing during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to Mr. WANG Mingzhe during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to Mr. CAO Jian during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to the employees during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38. In respect of the vesting of restricted shares to the five highest paid employees during the reporting period, the weighted average closing price of shares immediately before the date on which the restricted shares were vested is HK$7.38.

Note 4: As at 1 January 2025 and 31 December 2025, the number of shares available for grant under the 2024 Restricted Share Award Scheme was 207,126,521 and 155,344,891 shares, respectively.

Note 5: The 2024 Restricted Share Award Scheme does not involve the issuance of new shares. Therefore, the disclosure of the number of shares that may be issued in respect of the restricted shares granted under the 2024 Restricted Share Award Scheme during the reporting period divided by the weighted average number of shares in issue for the reporting period as required under Rule 17.07(3) of the Listing Rules is not applicable.

During the year ended 31 December 2025, the aggregated fair value of the restricted shares granted on 13 August 2025 under the 2024 Restricted Share Award Scheme was RMB306,796,000. The estimated value of the restricted shares granted on that date to Mr. KONG Fanxing, Mr. WANG Mingzhe, Mr. CAO Jian, other eligible employees and the five highest paid employees was as follows:

Grantee	Date of grant	Total number granted	Fair value of restricted shares granted
			RMB'000
KONG Fanxing	13 August 2025	7,833,795	46,414
WANG Mingzhe	13 August 2025	3,344,780	19,817
CAO Jian	13 August 2025	3,344,780	19,817
Employees	13 August 2025	37,258,275	220,748
Total		**51,781,630**	**306,796**
Five highest paid employees	13 August 2025	18,434,174	109,219

Please refer to note 37 to the financial statements for details of accounting standards and policies for fair value of restricted shares granted as at 13 August 2025.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

ARRANGEMENTS FOR THE DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises three members, namely Mr. YIP Wai Ming (chairman), Mr. HAN Xiaojing and Mr. John LAW, among whom, two are independent non-executive Directors (including one independent non-executive Director who possesses appropriate professional qualifications or expertise in accounting or relevant finance management). They have reviewed the accounting principles and practices adopted by the Group and discussed matters regarding auditing and financial reporting, including reviewing the financial results of the Group for the year ended 31 December 2025.

The consolidated financial statements of the Company which are prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2025 have been audited by Ernst & Young, the auditor of the Company.

AUDITOR

Pursuant to the resolution of the 2025 AGM of the Company, the Company reappointed Ernst & Young as the auditor of the Company in 2025. The Company has not changed its auditor in the past three years.

By order of the Board
KONG Fanxing
Chairman
11 March 2026

CORPORATE SOCIAL RESPONSIBILITY REPORT

PHILOSOPHY OF RESPONSIBILITY

Sharing of value created for the building of harmonious development

Anchored in the core responsibility philosophy of "value sharing and harmonious development", Far East Horizon has always been dedicated to building a harmonious and symbiotic relationship with the investors, customers, partners, employees, governments and the community as a whole while constantly innovating and expanding its integrated operations services. Through sharing of value and achieving a "win-win" situation, Far East Horizon whole-heartedly promoted the industrial economy as well as the wellness, sustainability, stability and harmonious development of the society as a whole.

ACCOUNTABLE TO INVESTORS

Valuable in-depth cooperation to share the growth

Adhering to the notion of creating move value for customers, Far East Horizon constantly pushes the boundaries of the integrated operations services to fundamental industries, providing diverse and quality "one-stop" services. Far East Horizon has maintained steady growth in recent years, and continuously provided Shareholders and investors with growing return on value.

ACCOUNTABLE TO INDUSTRIES

Support industries upgrade and industry development

Far East Horizon focuses on serving the fundamental industries, namely healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics and urban public utility, and build industry-specific and professional operation and security systems that closely adhere to the needs of customers. Far East Horizon provides customization of specialized financial services and products, as well as industrial investment operations, equipment operation, trade brokers, management consulting, engineering services and other industries integrated operations services.

In the equipment operation field, Horizon Construction Development is a leading comprehensive equipment operation service provider in China under the Group, with diversified equipment and strong service capabilities. Building on its rich equipment categories and scientific management system, Horizon Construction Development is committed to providing customers with multi-functional, multi-latitude and full-cycle comprehensive services, and has been consistently creating value for customers leveraging its national network layout, which forms nation-wide operation network and comprehensive operation capabilities with synergetic nature.

In the hospital operation field, Horizon Healthcare is a large public healthcare platform in China under the Group. With the mission of "good medical care not far away" and align with China's medical policy direction, Horizon Healthcare focuses on regions with insufficient medical resources, thereby establishing an unique hospital network of Far East.

CORPORATE SOCIAL RESPONSIBILITY REPORT

High-end resources platform is established to promote industry management upgrade

Based on the industrial investment platform, Far East Horizon has achieved good cooperation with domestic and foreign suppliers, channel distributors, governments, industry associations and other business partners. Through the integration of Far East Horizon's own resources, it promotes interaction and communication with partners and grow up together. Since 2007, Far East Horizon has begun to actively promote industrial interaction and communication in various industrial fields, such as the establishment of the celebrities club, the Far East Healthcare Managers Institute, the Far East Educational Alliance, and the organization of the Far East Finance Summit Forum and the Cross-Strait Hospital Management and Development Summit Forum and etc.

EMPLOYEE RESPONSIBILITIES

Employee value is respected and we carefully devoted to the growth of employees

Over the years, Far East Horizon earnestly listened to voices of employees, and provided diverse, inclusive, open, equal and vigorous work environments and a broad stage for their career fulfillment. Furthermore, Far East Horizon has tirelessly worked towards alleviating employees' worries, whilst nurturing respect, trust and encouraging greater employee cooperation and collaboration.

Employee rights

Far East Horizon calls on all employees to take ownership and encourages employees to participate in enterprise management. At the same time, Far East Horizon set up multiple channels such as mailbox to the president, rationalization of the proposal platforms and tea bars, so as to protect the right of the employee representatives in consultation, participation and supervision of the management.

Far East Horizon is devoted to providing fair development opportunities for employees and abiding by current national laws and regulations. Far East Horizon duly pays the five social insurances and one housing fund for employees on time and in full. Far East Horizon adopts multivariate policies and ensure that employees are not discriminated against because of their gender, age, background, ethnicity, race or religion. All employees are under the same career growth mechanism and their salary and benefits are consistent across different offices in the country. Male and female employees in the same post enjoy the same salaries and starting salaries are significantly higher than the each major operation place's local minimum wage.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Employee development

In order to provide its employees with a diverse, open and equal working environment, Far East Horizon made constant improvements to its human resources management system. Through the establishment of Far East College, Far East E Learning Platform and training information management system, Far East Horizon renovated in the development of a learning organization focusing in self-review, self-driven, self-enhancement, which created a team environment featuring all staffs on a lifelong basis.

Employee care

Far East Horizon pays close attention to the physical and mental health of its employees. Far East Horizon organizes regular staff health check, and organizes all kinds of physical and mental health workshop for women workers, parenting and health issues. These initiatives effectively identified and traced the risk of physical and mental health of employees, mitigated the stress on work and life for the staff, and fulfilled the health needs of employees.

Far East Horizon advocates staffs to balance work and life. Far East Horizon formulated mechanism to ensure that employees can enjoy reasonable rest and leave, and relied on community activities to encourage employees in actively participating in various fitness activities.

By adhering to the principle of "helping the poor, caring and loving", Far East Horizon set up an "assistance plan for the loved ones" and "milk bottle assistance plan" under the workers' union, providing necessary financial aid and support for employees or current graduates in difficulties or jeopardy, respectively.

SOCIAL WELFARE ACTIVITIES

We are kind at heart and have showed boundless love

For a long time, Far East Horizon has actively shouldered its corporate social responsibilities, contributing to the healthy, stable and continuous development of the society. Far East Horizon established the Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation in 2014 and 2015, respectively, further expanding the area of benefit and influence of the Company.

Since its establishment, the foundation has stuck to its initial principle, focused on people's livelihood, drawn on its strengths and organized public programs and events in various areas including scholarships and student grants, rural revitalization and poverty alleviation, medical and emergency assistance and volunteer services. Public programs were organized across over 50 cities in 28 provinces or autonomous regions, with donations of over RMB66 million and over 210,000 direct beneficiaries.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Scholarships and student grants

Since its establishment, the foundation has organized scholarship and student grant programs across China, subsidizing nearly 10,000 students. In particular, in 2025, the foundation has set up scholarship programs in a total of 11 universities, with charity expenses of RMB1.06 million and over 130 beneficiaries. On one hand, the foundation provides scholarships to outstanding college students to help them exploit their creativity and fulfill their dreams. On the other hand, the foundation provides student grants for poverty children to help them complete their studies. Moreover, the foundation also promotes its charity philosophy and culture through promotion activities including award ceremony and campus seminars.

Rural revitalization and poverty alleviation

Actively responding to the call of government of “consolidating the achievements of poverty alleviation and assisting comprehensive rural revitalization”, the foundation stepped up its efforts in supporting poverty alleviation by consistently carrying out rural revitalization and poverty alleviation projects in rural and border areas with over 60,000 direct beneficiaries and more than 100,000 people served. The foundation’s rural revitalization projects mainly focus on “green industry”, “quality education” and “health and well-being”, which are in line with the sustainable development goals of the United Nations. The projects launched include the “Tibet Shigatse Grassroots Animal Vaccine Cold Chain” (西藏日喀則市基層動物疫苗冷鏈) support project, the “Yunshang Jingmai” (雲上景邁) green industry support project in Yunnan, the “Horizon Warmth Action” (宏信暖心行動) love and care project, the “Hong Se Mi Yun, Dang Jian Wo Hang” (紅色密雲黨建我行) project for improving office conditions of grassroots party organizations, the “Great Love & Beautiful Heart” (大美同行) campus mental health project, “Mobile Classroom (行走中的小課堂)” study enlightenment activities for children and “Wen Zhi Society: Heart Buds in Bloom” Art Therapy and Psychological Growth Program (“文志社區”心芽綻放•藝術療愈心理成長計劃項目). Meanwhile, based on the actual needs of rural areas, Horizon Charity Foundation paid attention to the cultural core of rural development and strove to support comprehensive rural revitalization from the cultural level. It has launched the “Wen Zhi Support Program” (文志幫扶計劃) and “Horizon Vanguard” Kiwiberry Post-Disaster Recovery Project in Daling, Miyun (“宏信應急先鋒”密雲大嶺軟棗獼猴桃災後復產項目), aiming to gather cultural professionals for rural development, explore the cultural resources of villages, help improve the cultural environment of villages through multiple channels, and promote the upgrading of rural cultural industries.

Medical and emergency assistance

With its focus on groups with hardship getting medical treatment, the foundation organized medical assistance programs in over 30 cities across China, providing financial support for impoverished patients and helping families falling into poverty due to illness. In addition, the foundation supported the medical development of the western region, elevated overall local diagnosis and treatment technology, and delivering hope to more patients and families, with over 5,500 beneficiaries in total. Meanwhile, the foundation launched programs such as the Horizon United Medical Assistance Program (《宏信同心助醫行動》) and the Horizon Warm-Hearted Ward Medical Support Project (《宏信暖心病房醫療幫扶》) in 2025, which not only provided preliminary aids but also took care of the mental health of disaster victims, thus spreading the warmth of Far East Horizon.

Volunteer services

The foundation set up a volunteer service platform for staffs of the Company and caring people in the community, formed the Far East Horizon Volunteer Team and continuously carried out various diverse volunteer activities such as the “Mentorship Program of Rural Children (鄉村兒童陪伴着成長項目)” under the Core of Volunteer Training Program (“志願芯”賦能培訓計劃), the “Qian Li Cao Education-aid and Volunteering Program” (千里草助學志願服務項目), the “Care for Left-behind Children in Chongming Volunteer Activities” (關愛崇明留守兒童志願者活動), and the “Horizon Warmth Action – Voluntary Service Project for Community Mutual-Aid Elderly Care” (宏信暖心行動— 社區互助養老志願服務項目), bringing joy and happiness to the community, spreading the spirit of charitable philosophy of “gathering small love in the heart, showing love without boundaries” and promoting the spirit of volunteering.

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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To the members of Far East Horizon Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Horizon Limited (the "Company") and its subsidiaries (the "Group") set out on pages 173 to 376, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans and accounts receivables	
As at 31 December 2025, the Group's loans and accounts receivables consisted of lease receivables, interest receivables, notes receivable, accounts receivable, factoring receivables, entrusted loans, long-term receivables and secured loans, and accounted for 73.7% of the Group's total assets. The assessment of impairment of such loans and accounts receivables was considered to be a matter of most significance as it required the application of judgement and use of subjective assumptions by management. HKFRS 9 requires the use of the expected credit loss ("ECL") model for the measurement of impairment allowances for financial assets. In measuring the ECLs of loans and accounts receivables under HKFRS 9, management need to apply judgement, make necessary assumptions and select a reasonable ECL model methodology in aspects such as determining whether there are significant increases in credit risk, determining the parameters and the forward-looking adjustments. The accounting policies, disclosures of the allowances for impairment of loans and receivables and the related credit risk are included in Note 2.4, Note 3, Note 23 and Note 47 to the consolidated financial statements.	We evaluated and tested the effectiveness of the design and implementation of key controls relating to approval, post approval monitoring, credit grading management, and loan impairment assessment. We adopted a risk-based sampling approach in our tests of the allowances for impairment of loans and receivables. We selected samples of loans considering size, risk factors, industry trends for our tests on the reasonableness of loan grading and measurement of impairment. We evaluated and tested the key parameters of the expected credit loss model, management's major judgements and related assumptions, mainly focusing on the following aspects: • Assessing the reasonableness of the expected credit loss model methodology and related parameters, including probability of default, loss given default, exposure at default, and significant increase in credit risk; and • Assessing the reasonableness of management's consideration of forward-looking adjustment information when determining expected credit losses, including the use of macroeconomic information and the judgement of adjustments. We also assessed the appropriateness of the Group's disclosures of the allowances for impairment of loans and receivables and the related credit risk in Note 2.4, Note 3, Note 23 and Note 47 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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.

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Bing Yin Benny (practising certificate number: P06447).

Ernst & Young
Certified Public Accountants
Hong Kong
11 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
Interest income	5	**21,807,366**	21,182,108
Revenue from operating leases	5	**6,404,311**	6,350,698
Revenue from contracts with customers	5	**7,747,860**	10,353,429
Tax and surcharges		**(174,522)**	(137,079)
Cost of sales	7	**(18,925,110)**	(20,734,304)
Other income and gains	5	**1,774,760**	1,893,476
Selling and distribution costs		**(3,502,641)**	(3,600,472)
Administrative expenses		**(4,769,556)**	(4,738,808)
Impairment losses on financial and contract assets, net		**(932,407)**	(1,057,540)
(Losses)/Gains on derecognition of financial assets measured at amortised cost		**(3,348)**	9,619
Other expenses		**(562,983)**	(547,667)
Finance costs	6	**(1,214,168)**	(1,213,009)
Share of net profits of:			
Associates		**251,973**	170,685
Share of net profits of:			
Joint ventures		**130,834**	90,227
PROFIT BEFORE TAX	7	**8,032,369**	8,021,363
Income tax expense	10	**(4,037,011)**	(3,502,126)
PROFIT FOR THE YEAR		**3,995,358**	4,519,237
Attributable to:			
Ordinary shareholders of the parent		**3,888,519**	3,862,461
Holders of perpetual securities		**–**	32,188
Non-controlling interests		**106,839**	624,588
		3,995,358	4,519,237
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12	RMB	RMB
Basic			
– Earnings per share		**0.87**	0.92
Diluted			
– Earnings per share		**0.83**	0.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
PROFIT FOR THE YEAR		**3,995,358**	4,519,237
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	22	**(2,643,394)**	1,081,696
Reclassification to the consolidated statement of profit or loss	22	**1,528,177**	(394,499)
Income tax effect	22	**(1,562)**	(12,223)
		(1,116,779)	674,974
Exchange differences on translation of foreign operations		**(163,834)**	(33,646)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(1,280,613)**	641,328
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(1,280,613)**	641,328
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,714,745**	5,160,565
Attributable to:			
Ordinary shareholders of the parent		**2,721,513**	4,503,868
Holders of perpetual securities		**–**	32,188
Non-controlling interests		**(6,768)**	624,509
		2,714,745	5,160,565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**25,596,257**	26,547,204
Investment properties		**9,829**	100,177
Right-of-use assets	14(a)	**2,300,196**	2,403,192
Goodwill	15	**368,716**	194,737
Other intangible assets	16	**133,533**	140,597
Investments in joint ventures	18	**6,060,292**	4,152,840
Investments in associates	19	**4,118,472**	4,450,160
Financial assets at fair value through profit or loss	20	**11,739,389**	12,291,312
Derivative financial instruments	22	**71,905**	723,844
Loans and accounts receivables	23	**114,508,897**	104,826,511
Prepayments, other receivables and other assets	24	**786,405**	1,171,040
Deferred tax assets	26	**6,232,591**	6,051,263
Restricted deposits	27	**9,195,415**	9,608,115
Total non-current assets		**181,121,897**	172,660,992
CURRENT ASSETS			
Inventories	28	**597,726**	476,752
Loans and accounts receivables	23	**159,010,646**	155,822,206
Contract assets	25	**660,263**	753,848
Prepayments, other receivables and other assets	24	**3,405,131**	4,264,180
Debt investment at fair value through other comprehensive income	21	**260,855**	453,246
Financial assets at fair value through profit or loss	20	**2,454,400**	3,467,958
Derivative financial instruments	22	**248,703**	1,032,896
Restricted deposits	27	**1,243,968**	1,100,401
Cash and cash equivalents	27	**21,375,169**	19,786,521
Assets held for sale	29	**582,611**	571,000
Total current assets		**189,839,472**	187,729,008
CURRENT LIABILITIES			
Trade and bills payables	30	**7,771,420**	7,865,619
Other payables and accruals	31	**12,672,894**	12,734,419
Derivative financial instruments	22	**311,602**	142,513
Convertible bonds – host debts	33	**3,047**	2,066,423
Interest-bearing bank and other borrowings	32	**134,107,891**	143,499,457
Lease liabilities	14(b)	**337,992**	277,212
Income tax payable		**1,702,395**	1,278,347
Total current liabilities		**156,907,241**	167,863,990
NET CURRENT ASSETS		**32,932,231**	19,865,018
TOTAL ASSETS LESS CURRENT LIABILITIES		**214,054,128**	192,526,010

continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**214,054,128**	192,526,010
NON-CURRENT LIABILITIES			
Convertible bonds – host debts	33	**–**	6,413
Interest-bearing bank and other borrowings	32	**132,808,729**	119,345,890
Lease liabilities	14(b)	**556,151**	717,257
Derivative financial instruments	22	**1,000,675**	159,078
Deferred tax liabilities	26	**1,328,295**	826,532
Other payables and accruals	31	**15,090,937**	11,793,508
Deferred revenue	34	**834,805**	498,877
Other non-current liabilities	48	**2,140,892**	1,701,314
Total non-current liabilities		**153,760,484**	135,048,869
Net assets		**60,293,644**	57,477,141
EQUITY			
Equity attributable to ordinary shareholders of the parent			
Share capital	35	**15,639,775**	13,098,930
Equity component of convertible bonds	33	**103**	144,785
Reserves	38	**36,302,246**	35,746,601
		51,942,124	48,990,316
Non-controlling interests		**8,351,520**	8,486,825
Total equity		**60,293,644**	57,477,141

Kong Fanxing
Director

Wang Mingzhe
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to ordinary shareholders of the parent														
	Share capital	Equity component of convertible bonds	Capital reserve	Shares held for the share award scheme	Share-based compensation reserve	Shares held for the share award scheme of a subsidiary	Special reserve	Reserve fund	Hedging reserve	Exchange fluctuation reserve	Retained profits	Total	Perpetual securities	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 35)	(Note 33)	(Note 38)	(Note 37)		(Note 37)	(Note 38)	(Note 38)							
At 1 January 2024	13,066,292	228,432	2,212,708	(576,508)	431,106	–	91,760	121,913	(286,166)	561,165	34,248,667	50,099,369	1,573,876	5,896,355	57,569,600
Profit for the year	–	–	–	–	–	–	–	–	–	–	3,862,461	3,862,461	32,188	624,588	4,519,237
Other comprehensive income for the year:															
Cash flow hedges, net of tax	–	–	–	–	–	–	–	–	675,053	–	–	675,053	–	(79)	674,974
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(33,646)	–	(33,646)	–	–	(33,646)
Total comprehensive income	–	–	–	–	–	–	–	–	675,053	(33,646)	3,862,461	4,503,868	32,188	624,509	5,160,565
Final 2023 dividend and 2024 interim dividend declared (net of dividends received from shares held for the share award scheme)	–	–	–	–	–	–	–	–	–	–	(2,872,921)	(2,872,921)	–	–	(2,872,921)
Special dividend	–	–	(1,520,659)	–	–	–	–	–	–	–	(1,034,827)	(2,555,486)	–	3,220,251	664,765
Distribution to holders of perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(62,214)	–	(62,214)
Shares vested under restricted share award scheme	–	–	–	257,970	(202,377)	–	–	–	–	–	(55,593)	–	–	–	–
Purchase of shares under restricted share award scheme	–	–	–	(227,471)	–	(37,938)	–	–	–	–	–	(265,409)	–	(51,517)	(316,926)
Transfer of share option reserve upon exercise of share options	32,638	–	–	–	(6,453)	–	–	–	–	–	–	26,185	–	–	26,185
Recognition of equity-settled share-based payments	–	–	–	–	197,507	–	–	–	–	–	–	197,507	–	7,057	204,564
Special reserve – safety fund appropriation	–	–	–	–	–	–	21,784	–	–	–	(21,784)	–	–	–	–
Capital injection/reduction by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(906,820)	(906,820)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(23,285)	(23,285)
Purchase of non-controlling interests	–	–	43,789	–	–	–	–	–	–	–	–	43,789	–	(131,443)	(87,654)
Share of other reserves of investments accounted for using the equity method	–	–	(56,145)	–	–	–	–	–	–	–	–	(56,145)	–	–	(56,145)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(224,794)	(224,794)
Redemption of perpetual securities	–	–	–	–	–	–	–	–	–	–	–	–	(1,543,850)	–	(1,543,850)
Redemption of convertible bonds	–	(83,647)	(70,052)	–	–	–	–	–	–	–	–	(153,699)	–	–	(153,699)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	31,668	31,668
Others	–	–	23,258	–	–	–	–	–	–	–	–	23,258	–	44,844	68,102
At 31 December 2024	13,098,930	144,785	632,899	(546,009)	419,783	(37,938)	113,544	121,913	388,887	527,519	34,126,003	48,990,316	–	8,486,825	57,477,141

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to ordinary shareholders of the parent													
	Share capital	Equity component of convertible bonds	Capital reserve	Shares held for the share award scheme	Share-based compensation reserve	Shares held for the share award scheme of a subsidiary	Special reserve	Reserve fund	Hedging reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 35)	(Note 33)	(Note 38)	(Note 37)		(Note 37)	(Note 38)	(Note 38)						
At 1 January 2025	13,098,930	144,785	632,899	(546,009)	419,783	(37,938)	113,544	121,913	388,887	527,519	34,126,003	48,990,316	8,486,825	57,477,141
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,888,519	3,888,519	106,839	3,995,358
Other comprehensive income for the year:														
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(1,116,507)	-	-	(1,116,507)	(272)	(1,116,779)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(50,499)	-	(50,499)	(113,335)	(163,834)
Total comprehensive income	-	-	-	-	-	-	-	-	(1,116,507)	(50,499)	3,888,519	2,721,513	(6,768)	2,714,745
Final 2024 dividend and 2025 interim dividend declared (net of dividends received from shares held for the share award scheme)	-	-	-	-	-	-	-	-	-	-	(2,248,069)	(2,248,069)	-	(2,248,069)
Shares vested under restricted share award scheme	-	-	-	227,687	(172,239)	890	-	-	-	-	(56,338)	-	-	-
Purchase of shares under restricted share award scheme	-	-	-	-	-	(54)	-	-	-	-	-	(54)	(74)	(128)
Transfer of share option reserve upon exercise of share options	314,520	-	-	-	(51,451)	-	-	-	-	-	-	263,069	-	263,069
Recognition of equity-settled share-based payments	-	-	-	-	213,677	-	-	-	-	-	-	213,677	5,329	219,006
Special reserve – safety fund appropriation	-	-	-	-	-	-	5,203	-	-	-	(5,203)	-	-	-
Capital injection/reduction by non-controlling shareholders	-	-	(1,897)	-	-	-	-	-	-	-	-	(1,897)	(23,013)	(24,910)
Disposal of subsidiaries	-	-	(61,758)	-	-	-	-	-	-	-	(4,503)	(66,261)	47,916	(18,345)
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,588)	(15,588)	(32,494)	(48,082)
Share of other reserves of investments accounted for using the equity method	-	-	9,461	-	-	-	-	-	-	-	-	9,461	-	9,461
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(126,201)	(126,201)
Issue of shares upon conversion of convertible bonds	2,226,325	(144,682)	-	-	-	-	-	-	-	-	-	2,081,643	-	2,081,643
Others	-	-	(5,686)	-	-	-	-	-	-	-	-	(5,686)	-	(5,686)
At 31 December 2025	15,639,775	103	573,019*	(318,322)*	409,770*	(37,102)*	118,747*	121,913*	(727,620)*	477,020*	35,684,821*	51,942,124	8,351,520	60,293,644

* These reserve accounts comprise the consolidated reserves of RMB36,302,246,000 (31 December 2024: RMB35,746,601,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,032,369**	8,021,363
Adjustments for:			
Finance costs		**10,113,206**	10,577,107
Bank interest income	5	**(155,499)**	(134,206)
Share of net profits of associates		**(251,973)**	(170,685)
Share of net profits of joint ventures		**(130,834)**	(90,227)
Gains on unlisted debt investments, at fair value	5	**(20,785)**	(41,081)
Gains on disposal of property, plant and equipment, net		**(101,528)**	(72,285)
Gains on disposal of subsidiaries	5	**(560)**	(132,254)
Losses/(Gains) on disposal of a joint venture	5	**11,198**	(79,242)
Depreciation of property, plant and equipment	13	**3,080,748**	3,151,116
Depreciation of investment properties		**18,363**	7,591
Depreciation of right-of-use assets	14	**511,378**	373,542
Impairment of loans and accounts receivables	7	**1,020,261**	1,055,195
Impairment of property, plant and equipment	7	**65,412**	–
(Reversal of impairment)/Impairment of prepayments, other receivables and other assets	7	**(97,849)**	56,056
Impairment of investments in joint ventures	7	**360,956**	38,902
Impairment of investments in associates	7	**4,255**	155,973
Reversal of impairment of credit commitments	7	**(25,735)**	(48,275)
Interest expense on lease liabilities	14	**45,577**	33,508
Amortisation of intangible assets and other assets		**51,605**	46,929
Equity-settled share-based payment expense	7	**219,006**	204,564
Foreign exchange gains, net	7	**(23,463)**	(57,427)
Realised gains on derecognition of financial assets at fair value through profit or loss	5	**(271,381)**	(331,429)
Fair value (gains)/losses from financial liabilities at fair value through profit or loss	5/7	**(74,653)**	5,093
Fair value gains from financial assets at fair value through profit or loss	7	**(748,202)**	(240,968)
Dividends from financial assets at fair value through profit or loss	5	**(12,202)**	(11,434)
		21,619,670	22,317,426

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
Increase in inventories		(120,783)	(62,385)
(increase)/Decrease in loans and accounts receivables		(12,780,038)	2,040,270
Decrease/(increase) in contract assets		100,066	(369,983)
Decrease/(increase) in prepayments, other receivables and other assets		846,478	(584,157)
Decrease in restricted cash related to asset-backed securitisations, collective fund trusts and litigation		151,830	261,318
Decrease in trade and bills payables		(104,387)	(1,645,275)
Increase in other payables and accruals		3,804,151	2,680,137
increase/(Decrease) in other liabilities		335,258	(412,361)
Net cash flows from operating activities before tax and interest		13,852,245	24,224,990
Interest paid		(9,430,865)	(10,690,121)
Bank interest received		155,499	134,206
Income tax paid		(3,321,493)	(3,703,092)
Net cash flows from operating activities		1,255,386	9,965,983
CASH FLOWS FROM INVESTING ACTIVITIES			
Gains on unlisted debt investments, at fair value	5	20,785	41,081
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		1,044,253	1,923,864
Acquisition of subsidiaries		(209,527)	(81,379)
Purchase of items of property, plant and equipment, intangible assets and other long-term assets		(3,023,533)	(8,411,868)
Purchase of shareholdings for joint ventures		(2,078,967)	(528,735)
Purchase of shareholdings for associates		(1,038)	(210,400)
Dividend received from associates		66,944	71,241
Proceeds from disposal of joint ventures		106,538	76,560
Proceeds from disposal of associates		–	1,196,000
Purchase of financial assets at fair value through profit or loss		(3,890,245)	(1,268,536)
Disposal of subsidiaries		373,980	201,580
Disposal of financial assets at fair value through profit or loss		5,883,787	1,552,644
Realised gains on derecognition of financial assets at fair value through profit or loss	5	271,381	331,429
Dividends of financial assets at fair value through profit or loss	5	12,202	11,434
Decrease in time deposits		462,700	1,560,000
Net cash flows used in investing activities		(960,740)	(3,535,085)

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows used in investing activities		**(960,740)**	(3,535,085)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received upon exercise of share options		**263,069**	26,185
Capital injection from non-controlling shareholders		**99,899**	95,761
Capital reduction by non-controlling shareholders		**(48,974)**	(1,001,000)
Purchase of non-controlling shareholders		**(32,494)**	(87,654)
Cash received from borrowings		**197,061,548**	202,965,013
Repayments of borrowings		**(192,431,145)**	(194,297,986)
Principal portion of lease payments		**(688,373)**	(394,451)
Dividends paid		**(2,248,069)**	(2,872,921)
Increase in pledged deposits		**(345,398)**	(9,380,772)
Realised fair value (losses)/gains from derivative financial instruments in hedges for borrowings		**(196,576)**	1,532,389
Distribution to holders of perpetual securities		**–**	(62,214)
Dividends paid to non-controlling shareholders		**(133,942)**	(260,463)
Redemption of perpetual securities		**–**	(1,543,850)
Purchase of shares under share award scheme		**–**	(316,926)
Net cash flows from/(used in) financing activities		**1,299,545**	(5,598,889)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,594,191**	832,009
Cash and cash equivalents at beginning of year		**19,786,521**	18,852,540
Effect of exchange rate changes on cash and cash equivalents		**(5,543)**	101,972
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	**21,375,169**	19,786,521

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Far East Horizon Limited (the "Company") is a limited liability company which was incorporated in Hong Kong on 15 May 2008. Pursuant to the special resolutions dated 15 October 2008 and 29 November 2010, respectively, the Company changed its name from Fully Ascent Limited to Far Eastern Hong Xin Co., Limited and then to Far East Horizon Limited. The registered office address of the Company is Units 6706B-6708A, 67/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Group is principally engaged in the provision of finance to its customers by a wide array of assets under finance lease arrangements, operating lease arrangements, entrusted loan arrangements, factoring, the provision of advisory services, equipment operation business, industrial operation business and other services as approved by the Ministry of Commerce of the People's Republic of China (the "PRC").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Through a group reorganisation (the "Reorganisation") as set out in the section headed "Our History and Reorganisation" in the Prospectus dated 18 March 2011 for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies comprising the Group on 13 March 2009. The Company was listed on the Stock Exchange on 30 March 2011.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21	*Lack of Exchangeability*
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	*Financial Instrument Disclosures about Uncertainties in the Financial Statements*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual reporting periods beginning on or after 1 January 2026

2 Effective for annual reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which is renamed as HKAS 8 *Basis of Preparation of Financial Statements.* As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows, HKAS 33 Earnings per Share* and *HKAS 34 Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in subsidiaries in the Company's separate financial statements

HKAS 27 allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company changed its accounting for investments in subsidiaries from cost method to equity method in its separate financial statements for the year ended 31 December 2016 and consistently applied this policy in subsequent years. The Company's investments in subsidiaries are stated in its separate financial statements at the Company's share of net assets under the equity method of accounting, less any impairment losses. Investments in subsidiaries are eliminated in full upon consolidation.

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

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. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Business combinations and goodwill

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

The Group measures its debt investments, equity investments and derivative financial instruments 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.

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, contract assets, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary of fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;

(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;

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31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Category	Annual depreciation rate
Leasehold improvements	Shorter of the remaining period of the lease and the useful life of the assets
Buildings	4.75-5.00%
Equipment, tools and moulds	3.50-33.33%
Office equipment and computers	9.00-33.33%
Motor vehicles	18.00-25.00%
Others	19.40-33.33%

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each item of investment properties.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

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

Leasehold land	40 to 50 years
Buildings	1 to 25 years
Equipment	5 to 10 years
Motor	5 years

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (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 (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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 term 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor (continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets 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. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity 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 other income in the statement of profit or loss when the right of payment has been established, 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

Gains or losses from changes in the fair value of such assets (excluding the interest component) are reported in fair value gains or losses from financial assets at fair value through profit or loss included in other income and gains or other expenses, separately. The interest component is reported as part of the interest income. Dividend income received on equity securities of this category is recognised as dividend income included in other income and gains.

This category includes derivative instruments not designated as hedged instruments under cash flow hedges and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

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 as a financial asset at fair value through profit or loss.

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.

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31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. 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.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

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 bills payables, other payables and accruals 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 at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as 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 as defined by HKFRS 9. 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 designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as cross-currency interest rate swaps, forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Fair value hedges (continued)

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instrument.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted-average basis and specific identification basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Construction services

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

(c) Provision of services

Revenue from the provision of services is recognised over the scheduled period on a straight-line basis or at a point in time.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from other sources

Operating lease income

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

Finance lease, factoring and loan interest income

Finance lease, factoring and loan 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 assets.

Other income

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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, 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. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme and a restricted share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using appropriate valuation models, further details of which are given in Note 36 and Note 37 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Salaries and bonuses, social security contributions and other short term employee benefits are accrued in which services have been rendered by the employees of the Group.

The employees of the Company and its subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The entities are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

In addition, employees in the Chinese mainland also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year's basic salaries to the Annuity Plan. The contribution is charged to the statement of profit or loss when it incurs. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions even if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Contributions to these plans are recognised in the statement of profit or loss as incurred. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Borrowing costs

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

Dividends

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

In respect of a dividend by way of distribution of non-cash assets, the liability to distribute the non-cash assets as a dividend is measured at the fair value of the assets to be distributed on the declaration date. At the end of the reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend liability, and any subsequent change in the fair value of the dividend liability is recognised in equity as an adjustment to the amount of the dividend distribution. Upon settlement, if the distributed assets are the shares of a subsidiary of the Group without a loss of control, the Group decreases in the ownership interest in a subsidiary by adjusting the carrying amounts of the controlling interest and non-controlling interest in equity rather than recognising a gain or loss in the statement of profit or loss. Otherwise, the difference between the carrying amount of the dividend liability which is also the fair value of the assets distributed, and the carrying amount of the assets distributed, if any, is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Dividends (continued)

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

Foreign currencies

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

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

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

The functional currencies of certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries whose functional currency is other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries with a functional currency other than RMB which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Classification between finance leases and operating leases

Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in asset and liability recognition by the lessee, with the asset remaining recognised by the lessor).

Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if the title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- and the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Significant judgement in determining the lease term of contracts with renewal options (continued)

The Group includes the renewal period as part of the lease term for leases of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

Estimation uncertainty

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

Impairment of financial instruments

The measurement of impairment losses under HKFRS 9 across debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, and credit commitments requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of appropriate models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

(i) The Group's internal credit grading model, which assigns the probability of defaults (PDs) to the individual grades

(ii) The Group's criteria for assessing whether there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment

(iii) Development of ECL models, including the various formulas and the choice of inputs

(iv) Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, the exposure of defaults (EADs) and the loss given defaults (LGDs)

The Group will regularly review the expected credit loss model in the context of the actual loss experience and adjust it when necessary.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

Fair value of financial instruments

For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Valuation techniques make use of observable market information to the greatest extent, however, when the observable market information cannot be obtained, management will have to make assumptions on the credit risk, market volatility and correlations of the Group and the counterparties, and any changes in these underlying assumptions will affect the fair value of financial instruments.

Share-based payments

Estimating the fair value for share-based payment transactions requires determination of an appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including volatility, the expected exercise behaviour and dividend yield, etc, and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 36 and Note 37.

NOTES TO FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three operating segments, namely the financial, advisory, and other business, the equipment operation and the hospital operation, based on the internal organisational structure, management requirement and the internal reporting system:

- The financial, advisory, and other business comprises (a) direct finance leasing; (b) sale-leaseback; (c) factoring; (d) entrusted loans; and (e) advisory services, etc.

- The equipment operation comprises primarily (a) operating lease services; (b) engineering technical services; and (c) sales of equipment and materials related to operating lease services and engineering technical services;

- The hospital operation comprises (a) medical engineering; and (b) hospital and healthcare management.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results and assets mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

As at and for the year ended 31 December 2025

	Financial, advisory, and other business	Equipment operation	Hospital operation	Adjustments and eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue: (Note 5)					
Sales to external customers	22,855,028	9,359,078	3,570,909	–	35,785,015
Intersegment sales	61,838	114	977	(62,929)	–
Cost of sales	(9,136,684)	(6,892,756)	(2,904,324)	8,654	(18,925,110)
Other income and gains	1,460,214	192,742	156,919	(35,115)	1,774,760
Selling and distribution costs and administrative expenses	(6,135,290)	(1,724,177)	(407,994)	(4,736)	(8,272,197)
Other expenses	(525,484)	(30,974)	(11,131)	4,606	(562,983)
Finance costs	(378,972)	(805,303)	(118,578)	88,685	(1,214,168)
(Impairment losses)/Reverse of impairment losses on financial and contract assets	(845,319)	110,142	(197,230)	–	(932,407)
Losses on disposal of financial assets	(3,348)	–	–	–	(3,348)
Share of profits of associates	251,973	–	–	–	251,973
Share of profits of joint ventures	130,834	–	–	–	130,834
Profit before tax	7,734,790	208,866	89,548	(835)	8,032,369
Income tax expense	(3,914,283)	(61,890)	(60,838)	–	(4,037,011)
Profit after tax	3,820,507	146,976	28,710	(835)	3,995,358
Segment assets	331,643,506	36,368,347	6,208,472	(3,258,956)	370,961,369
Other segment information:					
Impairment losses/(Reverse of impairment losses) recognised in the statement of profit or loss	1,188,484	(58,414)	197,230	–	1,327,300
Depreciation and amortisation	249,902	3,107,797	304,395	–	3,662,094
Capital expenditure	2,577,034	2,389,791	136,713	–	5,103,538

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

As at and for the year ended 31 December 2024

	Financial, advisory, and other business	Equipment operation	Hospital operation	Adjustments and eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue: (Note 5)					
Sales to external customers	22,076,731	11,580,596	4,091,829	–	37,749,156
Intersegment sales	93,742	466	721	(94,929)	–
Cost of sales	(9,675,397)	(7,806,466)	(3,275,340)	22,899	(20,734,304)
Other income and gains	1,623,702	238,667	51,762	(20,655)	1,893,476
Selling and distribution costs and administrative expenses	(6,110,027)	(1,879,662)	(352,926)	3,335	(8,339,280)
Other expenses	(522,764)	(20,241)	(4,662)	–	(547,667)
Finance costs	(351,842)	(805,827)	(143,854)	88,514	(1,213,009)
Impairment losses on financial and contract assets	(822,683)	(107,374)	(127,483)	–	(1,057,540)
Gains on disposal of financial assets	9,619	–	–	–	9,619
Share of profits of associates	170,641	–	44	–	170,685
Share of profits of joint ventures	90,227	–	–	–	90,227
Profit before tax	6,581,949	1,200,159	240,091	(836)	8,021,363
Income tax expense	(3,106,082)	(303,837)	(92,207)	–	(3,502,126)
Profit after tax	3,475,867	896,322	147,884	(836)	4,519,237
Segment assets	320,616,558	36,434,181	6,550,250	(3,210,989)	360,390,000
Other segment information:					
Impairment losses recognised in the statement of profit or loss	1,009,535	120,831	127,485	–	1,257,851
Depreciation and amortisation	613,974	2,639,914	325,290	–	3,579,178
Capital expenditure	1,760,223	7,104,623	286,157	–	9,151,003

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB'000	RMB'000
Chinese mainland	34,323,758	37,285,463
Saudi Arabia	466,509	112,808
Malaysia	305,696	44,876
The United Arab Emirates	293,943	48,740
Hong Kong	24,962	67,737
Other locations	370,147	189,532
Total revenue	35,785,015	37,749,156

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025	2024
	RMB'000	RMB'000
Chinese mainland	35,031,470	35,739,371
Saudi Arabia	1,322,954	966,311
The United Arab Emirates	885,505	515,526
Indonesia	696,178	504,417
Hong Kong	35,995	39,898
Other locations	1,160,192	871,924
Total non-current assets	39,132,294	38,637,447

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

There was no single customer from whom the revenue derived amounted to 10% or more of the total revenue of the Group during the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS

	Note	2025 RMB'000	2024 RMB'000
Interest Income			
Interest income from finance leases, factoring and loans		**21,682,085**	21,048,829
Interest income from financial assets at fair value through profit or loss		**125,281**	133,279
Revenue from operating leases		**6,404,311**	6,350,698
Revenue from contracts with customers	(i)	**7,747,860**	10,353,429
Tax and surcharges		**(174,522)**	(137,079)
Total revenue		**35,785,015**	37,749,156

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) **Disaggregated revenue information**

For the year ended 31 December 2025

Segments	Financial, advisory and other business RMB'000	Equipment operation RMB'000	Hospital operation RMB'000	Total RMB'000
Types of goods or services				
Sale of goods	–	718,772	–	718,772
Construction services	–	2,193,528	–	2,193,528
Service fee income	868,301	–	–	868,301
Healthcare service income	–	–	3,556,832	3,556,832
Education service income	183,565	–	–	183,565
Chartering and brokerage income	8,072	–	–	8,072
Other income	133,581	43,812	41,397	218,790
Total revenue from contracts with customers	1,193,519	2,956,112	3,598,229	7,747,860
Geographical markets				
Hong Kong	24,962	–	–	24,962
Chinese mainland	1,155,583	2,822,572	3,598,229	7,576,384
Other locations	12,974	133,540	–	146,514
Total revenue from contracts with customers	1,193,519	2,956,112	3,598,229	7,747,860
Timing of revenue recognition				
Goods or services transferred at a point in time	502,983	718,772	1,434,885	2,656,640
Services transferred over time	690,536	2,237,340	2,163,344	5,091,220
Total revenue from contracts with customers	1,193,519	2,956,112	3,598,229	7,747,860

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Financial, advisory and other business RMB'000	Equipment operation RMB'000	Hospital operation RMB'000	Total RMB'000
Types of goods or services				
Sale of goods	6,511	1,472,289	–	1,478,800
Construction services	–	3,751,181	–	3,751,181
Service fee income	523,546	–	–	523,546
Healthcare service income	–	–	4,082,944	4,082,944
Education service income	203,454	–	–	203,454
Chartering and brokerage income	83,535	–	–	83,535
Other income	182,556	9,022	38,391	229,969
Total revenue from contracts with customers	999,602	5,232,492	4,121,335	10,353,429
Geographical markets				
Hong Kong	84,884	–	–	84,884
Chinese mainland	907,727	4,843,528	4,121,335	9,872,590
Other locations	6,991	388,964	–	395,955
Total revenue from contracts with customers	999,602	5,232,492	4,121,335	10,353,429
Timing of revenue recognition				
Goods or services transferred at a point in time	458,082	1,472,289	1,917,485	3,847,856
Services transferred over time	541,520	3,760,203	2,203,850	6,505,573
Total revenue from contracts with customers	999,602	5,232,492	4,121,335	10,353,429

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

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

For the year ended 31 December 2025

Segments	Financial, advisory and other business RMB'000	Equipment operation RMB'000	Hospital operation RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	1,193,519	2,956,112	3,598,229	7,747,860
Intersegment sales	2,748	114	977	3,839
Intersegment adjustments and eliminations	(2,748)	(114)	(977)	(3,839)
Total revenue from contracts with customers	1,193,519	2,956,112	3,598,229	7,747,860

For the year ended 31 December 2024

Segments	Financial, advisory and other business RMB'000	Equipment operation RMB'000	Hospital operation RMB'000	Total RMB'000
Revenue from contracts with customers				
External customers	999,602	5,232,492	4,121,335	10,353,429
Intersegment sales	28,419	355	721	29,495
Intersegment adjustments and eliminations	(28,419)	(355)	(721)	(29,495)
Total revenue from contracts with customers	999,602	5,232,492	4,121,335	10,353,429

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) **Disaggregated revenue information** (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Service fee income	187,307	289,706
Sale of goods	42,315	19,695
Total	229,622	309,401

(ii) **Performance obligations**

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

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 60 to 180 days from delivery.

Construction services

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

Services

The performance obligation is satisfied over time or at a point in time as services are rendered and short-term advances are normally required before rendering the services. Most service contracts are for periods of one year or less, or are billed based on the time incurred.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Services (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	219,706	229,622
After one year	327,004	558,111
Total	546,710	787,733

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to service fee, of which the performance obligations are to be satisfied within 2 to 24 years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER INCOME AND GAINS (continued)

		2025	2024
	Note	RMB'000	RMB'000
Other income and gains			
Bank interest income		155,499	134,206
Gains on unlisted debt investments, at fair value		20,785	41,081
Gains on disposal of property, plant, and equipment		106,113	81,799
Government grants	5a	203,610	262,595
Fair value gains from financial assets at fair value through profit or loss		815,232	505,829
Fair value gains from financial liabilities at fair value through profit or loss		74,653	14,033
Interest income from continuing involvement in transferred assets		42,321	128,599
Dividends of financial assets at fair value through profit or loss		12,202	11,434
Realised gains on financial assets at fair value through profit or loss		271,381	331,429
Gains on disposal of subsidiaries		560	132,254
Gains on disposal of a joint venture		–	79,242
Others		72,404	170,975
Total other income and gains		1,774,760	1,893,476

5a. GOVERNMENT GRANTS

	2025	2024
	RMB'000	RMB'000
Government special subsidies	203,610	262,595

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	RMB'000	RMB'000
Interest on bank loans, overdrafts and other loans for the industrial operation business	**1,168,591**	1,179,501
Interest on lease liabilities	**45,577**	33,508
Total	**1,214,168**	1,213,009

7. PROFIT BEFORE TAX

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

	2025	2024
	RMB'000	RMB'000
Cost of borrowings included in cost of sales	**8,944,616**	9,397,606
Cost of inventories sold	**632,886**	963,175
Cost of construction services	**1,836,370**	2,761,893
Cost of operating leases	**4,424,714**	4,091,944
Cost of healthcare services	**2,886,015**	3,244,639
Cost of education services	**114,777**	138,698
Cost of others	**85,732**	136,349
Depreciation of property, plant and equipment	**184,592**	181,703
Less: Government grants released*	**(13,767)**	(1,612)
Total	**170,825**	180,091

NOTES TO FINANCIAL STATEMENTS

31 December 2025

7. PROFIT BEFORE TAX (continued)

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

	2025	2024
	RMB'000	RMB'000
Depreciation of right-of-use assets	168,969	121,143
Amortisation of intangible assets and other assets	43,895	46,929
Auditors' remuneration – audit services	14,110	9,580
– other services	6,484	6,129
Employee benefit expense (including directors' remuneration (Note 8)		
– Wages and salaries*		
Current year expenditure	4,931,585	6,082,878
Less: Government grants released**	(383,392)	(1,148,517)
Total	4,548,193	4,934,361
– Equity-settled share-based payment expense	219,006	204,564
– Pension scheme contributions	199,230	200,969
– Other employee benefits	398,084	313,536
	5,364,513	5,653,430

NOTES TO FINANCIAL STATEMENTS

31 December 2025

7. PROFIT BEFORE TAX (continued)

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

	2025	2024
	RMB'000	RMB'000
Impairment of investments in joint ventures	360,956	38,902
Impairment of investments in associates	4,255	155,973
Impairment of loans and accounts receivables (Note 23)	1,020,261	1,055,195
(Reversal of impairment)/Impairment of financial assets included in prepayments, other receivables and other assets	(97,849)	56,056
Reversal of impairment of credit commitments	(25,735)	(48,275)
Impairment of property, plant and equipment (Note 13)	65,412	–
Lease payments not included in the measurement of lease liabilities	84,891	49,861
Entertainment expenses	75,586	77,481
Business travelling expenses	319,714	331,085
Consultancy fees	242,231	293,166
Office expenses	76,031	66,148
Advertising and promotional expenses	72,961	56,715
Transportation expenses	145,173	161,129
Communication expenses	66,415	59,543
Litigation expenses	74,224	62,148
Other miscellaneous expenses:		
Current year expenditure	1,328,524	1,341,335
Less: Government grants released**	(12,031)	(4,812)
Total	1,316,493	1,336,523

NOTES TO FINANCIAL STATEMENTS

31 December 2025

7. PROFIT BEFORE TAX (continued)

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

	2025	2024
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment	4,585	9,514
Donation	30,225	3,874
Bank commission expenses	10,859	23,250
Foreign exchange gains, net:		
Foreign exchange losses	730,643	498,085
Derivative gain or loss recycled from equity under cash flow hedge	(754,106)	(555,512)
Total	(23,463)	(57,427)
Losses/(gains) on disposal of joint ventures	11,198	(79,242)
Fair value losses from financial assets at fair value through profit or loss	67,030	264,861
Fair value losses from financial liabilities at fair value through profit or loss	–	19,126
Other expenditure	73,875	32,166
Finance costs	1,214,168	1,213,009
Bank interest income	(155,499)	(134,206)
Interest income from continuing involvement in transferred assets	(42,321)	(128,599)
Fair value gains from financial assets at fair value through profit or loss	(815,232)	(505,829)
Fair value gains from financial liabilities at fair value through profit or loss***	(74,653)	(14,033)
Realised gains on financial assets at fair value through profit or loss	(271,381)	(331,429)

* The Group has adopted collective economic-gain bonus schemes (the "Schemes", details of which are set out in Note 9) since 2014. In the year 2025, the Group did not pay any bonuses to the aforementioned plan (2024: Nil). The aforementioned plan distributed RMB56,936,000 to beneficiaries excluding senior management (2024: RMB63,097,000). In 2022, new trust schemes ("2022 Trust Schemes") were established in the Chinese mainland and Hong Kong, respectively. The beneficiaries of the 2022 Trust Schemes comprised certain employees of the Group (including senior management) and directors. In the year 2025, the 2022 Trust Schemes distributed RMB99,220,000 to beneficiaries excluding senior management (2024: Nil). During the year ended 31 December 2025, the Group paid no bonuses (2024: Nil) to the 2022 Trust Schemes in the Chinese mainland while paid bonuses of USD350,000,000 (2024: USD450,000,000) to the 2022 Trust Schemes in Hong Kong. Upon becoming aware of any forthcoming actual distribution or determination of allocation amounts under the aforementioned plans, the Group will disclose such information in accordance with the relevant requirements stipulated in the Listing Rules.

** Government grants have been received by subsidiaries of the Company from the local government for improvement of technology, staff training and development, and others. The government grants received have been deducted from the expenses to which they related. Government grants received for which related expenditure has yet been undertaken are included in deferred revenue in the statement of financial position (Note 34).

*** The fair value gains/losses from a financial liability at fair value through profit or loss are accounted for the fair value change linked to the investments by Limited Partners other than the Group in several Investment Limited Partnerships that are classified as financial liabilities in the consolidated financial statements of the Group.

NOTES TO FINANCIAL STATEMENTS

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025	2024
	RMB'000	RMB'000
Fees	2,695	2,695
Other emoluments:		
Salaries, allowances and benefits in kind	10,090	10,097
Performance related bonuses*	6,100	6,100
Pension scheme contributions	214	189
Subtotal	16,404	16,386
Total fees and other emoluments	19,099	19,081

* Certain executive directors of the Company are entitled to bonus payments which are determined based on the business performance of the Group.

During the year ended 31 December 2025, certain directors were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme and the restricted share award scheme of the Company, details of which are set out in Note 36 and Note 37 to the financial statements, respectively. Certain directors participated in the Group's collective economic-gain bonus schemes (the "Schemes"), details of which are set out in Note 9. During the year ended 31 December 2025, no distribution was made to the directors who are the beneficiaries of the Schemes, the above information of directors' and chief executive's remuneration has not taken into consideration the employees' potential entitlement under the Schemes. Upon becoming aware of any forthcoming actual distribution or determination of allocation amounts under the aforementioned plans, the Group will disclose such information in the remuneration disclosures for Directors and the Chief Executive Officer as required by the relevant provisions of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

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

	2025	2024
	RMB'000	RMB'000
Mr. Han Xiaojing	385	385
Mr. Liu Jialing	385	385
Mr. Yip Wai Ming	385	385
Mr. Wong Ka Fai	385	385
Total	1,540	1,540

(b) Non-executive directors

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

	2025	2024
	RMB'000	RMB'000
Mr. Liu Haifeng	385	385
Mr. Luo Qiang	385	385
Mr. Kuo Mingjian	385	385
Total	1,155	1,155

NOTES TO FINANCIAL STATEMENTS

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(c) Executive directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Executive directors:					
Mr. Kong Fanxing	–	4,674	2,500	71	7,245
Mr. Wang Mingzhe	–	2,738	1,800	71	4,609
Mr. Cao Jian	–	2,678	1,800	72	4,550
Total	–	10,090	6,100	214	16,404

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive directors:					
Mr. Kong Fanxing	–	4,674	2,500	71	7,245
Mr. Wang Mingzhe	–	2,738	1,800	71	4,609
Mr. Cao Jian	–	2,685	1,800	47	4,532
Total	–	10,097	6,100	189	16,386

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

An analysis of the five highest paid employees within the Group during the year is as follows:

	Number of employees	
	2025	2024
Directors	**3**	3
Non-directors	**2**	2
Total	**5**	5

The five highest paid employees during the year included three (2024: three) directors, details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining two (2024: two) non-director, highest paid employees for the year are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**4,757**	4,757
Performance related bonuses	**2,200**	2,200
Pension scheme contributions	**143**	141
Total	**7,100**	7,098

NOTES TO FINANCIAL STATEMENTS

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	Number of employees	
	2025	2024
HKD3,500,001 to HKD4,000,000 (Equivalent to RMB3,201,101 to RMB3,658,400)	**2**	2
Total	**2**	2

During the year ended 31 December 2025, certain highest paid employees were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme and the restricted share award scheme of the Company, details of which are set out in Note 36 and Note 37 to the financial statements, respectively.

The Group has adopted collective economic-gain bonus schemes (the “Schemes”) since 2014. According to the Schemes, the Group paid a portion of employee bonus to separate funds (the “Employees’ Collectively Owned Funds”). The Employees’ Collectively Owned Funds are collectively owned by employees participating in the Scheme until distributed to individual employees. A committee (the “Committee”), elected by the general meeting of employee representatives, is established to be in charge of the management and operation of the Schemes and the determination and distribution of the Employees’ Collectively Owned Funds to all individual participating employees. The members of the Committee exclude any of the directors or senior management of the Company. In the view of the directors, the Employees’ Collectively Owned Funds are not the property of the Company or any of its subsidiaries, and the Group has no rights or obligations in respect of the management and operation of the Employees’ Collectively Owned Funds.

In 2022, new trust schemes (“2022 Trust Schemes”) were established in the Chinese mainland and Hong Kong, respectively. The beneficiaries of the 2022 Trust Schemes comprised certain employees of the Group (including senior management) and directors. During the years ended 31 December 2025 and 2024, no distribution was made to senior management and directors under the 2022 Trust Schemes. The above information of the five highest paid employees and directors’ and chief executive’s remuneration (Note 8) have not taken into consideration the employees’ potential entitlement under the Schemes. Upon being knowledgeable of the actual distribution or the amount of distribution being determined in the future, the Group will make disclosures in accordance with the relevant requirements of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX

	2025	2024
	RMB'000	RMB'000
Current – Hong Kong profits tax		
Charge for the year	429,510	384,180
Current – Chinese mainland income tax		
Charge for the year	3,299,087	3,150,229
Underprovision in prior years	16,940	14,034
Deferred tax (Note 26)	291,474	(46,317)
Total tax charge for the year	4,037,011	3,502,126

Hong Kong profits tax

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

Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of its operations in the Chinese mainland has been calculated at the tax rate of 25% (2024: 25%) on the estimated assessable profits for the year, based on existing legislation, interpretations and practices in respect thereof.

The State Administration of Taxation announced that enterprises of encouraged industries in the Western Region of the PRC could use a preferential tax rate of 15% from 1 January 2011 to 31 December 2030. Deyang The Fifth Hospital Co., Ltd., Chongqing Yudong Hospital Co., Ltd., Nayong Xinli Hospital Co., Ltd. and Chengdu Jinsha Hospital Co., Ltd. were recognised to fulfil the requirement of the aforesaid preferential taxation policy and thus have enjoyed a preferential tax rate of 15% since 2016. Zhaotong Renan Hospital Co., Ltd. and Qiaojia Renan Hospital Co., Ltd. were recognised to fulfil the requirement of the aforesaid preferential taxation policy and thus have enjoyed a preferential tax rate of 15% since 2017. Qinghai Kangle Hospital Co., Ltd. was recognised to fulfil the requirement of the aforesaid preferential taxation policy and thus has enjoyed a preferential tax rate of 15% since 2020. Lichuan Hongxin Hexie Hospital Company Ltd. was recognised to fulfil the requirement of the aforesaid preferential taxation policy and thus has enjoyed a preferential tax rate of 15% since 2025.

Shanghai Horizon Equipment & Engineering Co., Ltd. was accredited as High and New Technology Enterprise (the "HNTE") since 2015, while Guangzhou Hongtu Equipment & Engineering Co., Ltd. was accredited as HNTE since 2020, and both of them were entitled to a preferential PRC corporate income tax rate of 15% thereafter. The HNTE certificates of Shanghai Horizon Equipment & Engineering Co., Ltd. and Guangzhou Hongtu Equipment & Engineering Co., Ltd. need to be renewed every three years in order to enable to enjoy the reduced tax rate of 15%. Shanghai Horizon Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 26 December 2027 and is expected to continue to enjoy this thereafter. Guangzhou Hongtu Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 28 December 2026 and is expected to continue to enjoy this thereafter.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. INCOME TAX (continued)

Corporate Income Tax ("CIT") (continued)

A reconciliation of the tax expense/(credit) applicable to profit before tax using the statutory/applicable tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2025	2024
	RMB'000	RMB'000
Profit before tax	8,032,369	8,021,363
Tax at the statutory income tax rates	2,022,803	2,162,715
Expenses not deductible for tax	977,331	863,536
Income not subject to tax	(200,702)	(260,884)
Adjustment on current income tax in respect of prior years	16,940	14,034
Utilisation of previously unrecognised tax losses	(17,507)	(8,040)
Unrecognised tax losses and temporary differences	366,949	354,392
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	763,940	335,993
Effect of withholding tax on interest on intra-group balances	107,257	40,380
Income tax expense as reported in the consolidated statement of profit or loss	4,037,011	3,502,126

Pillar Two income taxes

The Group is within the scope of Pillar Two model rules. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for all of the jurisdictions in which the Group operates. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Interim – HKD0.25 (2024: HKD0.25) per ordinary share	**1,072,618**	953,143
Proposed final dividend – HKD0.31 (2024: HKD0.30) per ordinary share	**1,324,275**	1,169,885

The final dividend of HKD0.30 per share for the year ended 31 December 2024 was approved at the annual general meeting on 14 April 2025 and paid on 6 May 2025. On 1 August 2025, the Company declared an interim dividend of HKD0.25 per share, which was paid on 24 September 2025.

A final dividend for the year of 2025 of HKD0.31 per share was proposed at the meeting of the board of directors (the "Board") held on 11 March 2026. As at 31 December 2025, based on the total number of outstanding ordinary shares of 4,729,687,180 (31 December 2024: 4,211,067,974) (excluding the 69,786,650 (31 December 2024: 109,007,692) shares held for the share award scheme (Note 35), the proposed final dividend amounted to approximately HKD1,466,203,000 (31 December 2024: HKD1,263,320,000) (equivalent to RMB1,324,275,000 (31 December 2024: RMB1,169,885,000)). The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. This proposed dividend is not reflected as a dividend payable in the financial statements.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the year is based on the consolidated net profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,471,521,013 (2024: 4,217,939,930) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the consolidated net profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the host debt component of convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

NOTES TO FINANCIAL STATEMENTS

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings per share are based on:

Earnings

	2025	2024
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculations	3,888,519	3,862,461
Interest on the host debt component of convertible bonds	16,014	116,115
Profit attributable to ordinary equity holders of the parent, before the above impact arising from convertible bonds	3,904,533	3,978,576

Shares

	Number of shares	
	2025	2024
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	4,471,521,013	4,217,939,930
Effect of dilution – weighted average number of ordinary shares:		
Share options	5,340,334	49,111
Convertible bonds	203,072,674	519,041,854
Weighted average number of ordinary shares for diluted earnings per share	4,679,934,021	4,737,030,895

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

2025

	Leasehold improvements	Buildings	Equipment, Tools and moulds	Office equipment and computers	Motor vehicles	Construction in progress	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:								
Cost	655,875	5,008,337	31,734,144	437,616	157,120	109,402	18,584	38,121,078
Accumulated depreciation and impairment	(602,850)	(1,245,566)	(9,227,161)	(371,474)	(119,045)	–	(7,778)	(11,573,874)
Net carrying amount	53,025	3,762,771	22,506,983	66,142	38,075	109,402	10,806	26,547,204
At 1 January 2025, net of accumulated depreciation and impairment	53,025	3,762,771	22,506,983	66,142	38,075	109,402	10,806	26,547,204
Additions	18,020	21,112	2,552,442	43,629	52,495	58,821	–	2,746,519
Depreciation provided during the year	(25,751)	(172,743)	(2,830,284)	(35,241)	(16,009)	–	(720)	(3,080,748)
Impairment	–	–	(38,818)	(4,494)	–	(22,100)	–	(65,412)
Disposal of subsidiaries	–	–	(366)	(93)	(173)	–	–	(632)
Transfers	–	–	66,443	–	–	(66,443)	–	–
Disposals	(1,068)	(8,990)	(544,016)	(1,658)	(1,392)	(20,265)	–	(577,389)
Exchange realignment	–	612	26,802	(90)	(609)	–	–	26,715
At 31 December 2025, net of Accumulated depreciation and impairment	44,226	3,602,762	21,739,186	68,195	72,387	59,415	10,086	25,596,257
At 31 December 2025:								
Cost	670,981	5,018,338	32,994,541	465,348	270,341	81,515	18,584	39,519,648
Accumulated depreciation and impairment	(626,755)	(1,415,576)	(11,255,355)	(397,153)	(197,954)	(22,100)	(8,498)	(13,923,391)
Net carrying amount	44,226	3,602,762	21,739,186	68,195	72,387	59,415	10,086	25,596,257

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

2024

	Leasehold improvements	Buildings	Equipment, Tools and moulds	Office equipment and computers	Motor vehicles	Construction in progress	Vessels	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:									
Cost	887,961	5,278,121	26,209,743	446,690	171,107	159,802	687,951	446,488	34,287,863
Accumulated depreciation and impairment	(724,873)	(1,215,895)	(7,918,855)	(341,236)	(129,084)	–	(120,188)	(324,677)	(10,774,808)
Net carrying amount	163,088	4,062,226	18,290,888	105,454	42,023	159,802	567,763	121,811	23,513,055
At 1 January 2024, net of accumulated depreciation and impairment	163,088	4,062,226	18,290,888	105,454	42,023	159,802	567,763	121,811	23,513,055
Additions	71,102	109,159	8,023,837	33,394	17,705	72,339	–	–	8,327,536
Depreciation provided during the year	(38,057)	(170,849)	(2,853,303)	(52,201)	(14,592)	–	(18,801)	(3,313)	(3,151,116)
Disposal of subsidiaries	–	(34,459)	(240,975)	(4,545)	(917)	(79,981)	–	–	(360,877)
Transfers	–	8,714	22,045	38	–	(30,797)	–	–	–
Disposals	(143,108)	(212,020)	(767,467)	(15,900)	(6,172)	(11,961)	(548,962)	(107,692)	(1,813,282)
Exchange realignment	–	–	31,958	(98)	28	–	–	–	31,888
At 31 December 2024, net of Accumulated depreciation and impairment	53,025	3,762,771	22,506,983	66,142	38,075	109,402	–	10,806	26,547,204
At 31 December 2024:									
Cost	655,875	5,008,337	31,734,144	437,616	157,120	109,402	–	18,584	38,121,078
Accumulated depreciation and impairment	(602,850)	(1,245,566)	(9,227,161)	(371,474)	(119,045)	–	–	(7,778)	(11,573,874)
Net carrying amount	53,025	3,762,771	22,506,983	66,142	38,075	109,402	–	10,806	26,547,204

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025, the Group has not obtained the property ownership certificates for one building (31 December 2024: three) with a net book value of RMB4,134,000 (31 December 2024: RMB190,447,000).

The Group was in the process of applying for the property ownership certificates for the above building as at 31 December 2025.

As at 31 December 2025, property, plant and equipment with a net carrying amount of RMB7,411,336,000 (31 December 2024: RMB9,412,393,000) were pledged to secure general banking facilities granted to the Group.

As at 31 December 2025, property, plant and equipment with a net carrying amount of RMB20,981,734,000 (31 December 2024: RMB19,788,583,000) were held for operating lease.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 25 years, while equipment generally has lease terms between 5 and 10 years or of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets

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

	Leasehold land	Buildings	Equipment	Motor	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	1,403,163	318,123	667,210	–	2,388,496
Additions	8,768	271,361	145,095	–	425,224
Depreciation charge	(42,456)	(128,077)	(203,009)	–	(373,542)
Disposal of a subsidiary	–	(1,073)	–	–	(1,073)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(35,913)	–	–	(35,913)
As at 31 December 2024 and 1 January 2025	1,369,475	424,421	609,296	–	2,403,192
Additions	–	120,870	528,833	–	649,703
Additions as a result of acquisition of subsidiaries	–	2,163	55,264	2,961	60,388
Depreciation charge	(38,302)	(169,461)	(303,495)	(120)	(511,378)
Disposal of a subsidiary	(85)	(10,205)	–	–	(10,290)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(31,501)	(259,918)	–	(291,419)
As at 31 December 2025	1,331,088	336,287	629,980	2,841	2,300,196

As at 31 December 2025, the Group had no land use rights pledged for bank credit (31 December 2024: RMB777,609,000)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2025	2024
	RMB'000	RMB'000
Carrying amount at 1 January	994,469	987,645
New leases	649,703	416,457
Additions as a result of acquisition of subsidiaries	38,027	–
Accretion of interest recognised during the year (Note 6)	45,577	33,508
Payments	(688,373)	(394,451)
Disposal of a subsidiary	(11,472)	(12,164)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(133,788)	(36,526)
Carrying amount at 31 December	894,143	994,469
Analysed into:		
Current portion	337,992	277,212
Non-current portion	556,151	717,257

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

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

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities	45,577	33,508
Depreciation charge for right-of-use assets	511,378	373,542
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2025 (included in administrative expenses)	84,891	49,861
Total amount recognised in profit or loss	**641,846**	456,911

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in Note 40(c), to the financial statements.

The Group as a lessor – operating leases

The Group leases its equipment, tools and moulds under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB6,404,311,000 (2024: RMB6,350,698,000), details of which are included in Note 5 to the financial statements.

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	4,877,608	4,533,389
After one year but within two years	688,276	526,181
After two years but within three years	49,067	14,759
Total	**5,614,951**	5,074,329

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. GOODWILL

	2025	2024
	RMB'000	RMB'000
Cost at 1 January, net of accumulated impairment	**194,737**	171,523
Acquisition of subsidiaries	**173,979**	23,214
Cost and net carrying amount at 31 December	**368,716**	194,737
At 31 December:		
Cost	**2,420,947**	2,246,968
Accumulated impairment	**(2,052,231)**	(2,052,231)
Net carrying amount	**368,716**	194,737

The carrying amounts of goodwill are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Hospital operation	**194,733**	194,733
Equipment operation	**173,979**	–
Others	**4**	4
	368,716	194,737

Goodwill acquired through business combinations is allocated to each acquired subsidiary as the cash-generating units ("CGUs") for impairment testing.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. GOODWILL (continued)

For cash-generating units within hospital operation

The recoverable amount of each CGU within hospital operation has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period and approved by senior management. The post-tax discount rate applied to the cash flow projections is 14.0% (2024: 14.0%). The implied pre-tax discount rates for the cash flow projections are 16.5% to 18.3% (2024: 16.5% to 18.3%).

Assumptions were used in the value-in-use calculation of each CGU within hospital operation for 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Expected gross margin – the basis used to determine the value assigned to the expected gross margin is the gross margin achieved in the current year, adjusted for expected growth and other changes, and expected market development.

Discount rates – the discount rates used reflect specific risks relating to the units.

The values assigned to the key assumptions on market development of the hospital operation, and the discount rates are comparable to external information sources.

For cash-generating units within equipment operation

The goodwill of equipment operation arose from the acquisition of TH Tong Heng Machinery SDN. BHD., a Malaysia based leading company in equipment leasing, repairing and trading, on 30 May 2025. This acquisition aligns with the Group's strategic initiative to expand its market share in Malaysia's equipment leasing sector.

The recoverable amount of the CGU within the equipment operation has been determined based on a value-in use calculation using cash flow projections based on financial budgets covering a five-year period and approved by senior management. The post-tax discount rate applied to the cash flow projections is 12.0% (2024: Nil). The implied pre-tax discount rate for the cash flow projection is 15.8% (2024: Nil).

Assumptions were used in the value-in-use calculation of the CGU within equipment operation for 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Expected gross margin – the basis used to determine the value assigned to the expected gross margin is the gross margin achieved in the current year, adjusted for expected growth and other changes, and expected market development.

Discount rates – the discount rates used reflect specific risks relating to the units.

The values assigned to the key assumptions on market development of the equipment operation, and the discount rates are comparable to external information sources.

NOTES TO FINANCIAL STATEMENTS

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16. OTHER INTANGIBLE ASSETS

	2025	2024
	RMB'000	RMB'000
Software (Note 16a)	**133,521**	140,582
Others	**12**	15
Total	**133,533**	140,597

16a. SOFTWARE

	2025	2024
	RMB'000	RMB'000
Cost:		
At the beginning of the year	**244,474**	225,410
Additions	**26,090**	43,257
Disposals	**(2,836)**	(24,019)
Disposal of subsidiaries	**(824)**	(174)
At the end of the year	**266,904**	244,474
Accumulated amortisation:		
At the beginning of the year	**(103,892)**	(103,698)
Amortizations	**(30,388)**	(21,007)
Disposals	**363**	20,794
Disposal of subsidiaries	**534**	19
At the end of the year	**(133,383)**	(103,892)
Net carrying amount:		
At the end of the year	**133,521**	140,582
At the beginning of the year	**140,582**	121,712

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows:

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
International Far Eastern Leasing Co., Ltd (遠東國際融資租賃有限公司) (Note ii)	PRC/Chinese mainland 13 September 1991	USD1,816,710,922	100	–	Finance lease
Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司) (Note ii, Note iv)	PRC/Chinese mainland 10 December 2013	RMB6,500,000,000	55.38	44.62	Finance lease
Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) (Note ii)	PRC/Chinese mainland 12 January 2017	RMB2,500,000,000/ RMB2,050,000,000	45	55	Finance lease
Shanghai Donghong Co., Ltd. (上海東泓實業發展有限公司) (Note ii)	PRC/Chinese mainland 28 April 2006	RMB9,700,000,000	–	100	Trading
Shanghai Dopont Industrial Co., Ltd. (上海德朋實業有限公司) (Note ii)	PRC/Chinese mainland 10 November 2011	RMB1,150,000,000	–	100	Trading
Far East Horizon Shipping Holdings Co., Ltd (遠東宏信航運控股有限公司) (Note i)	Cayman Islands 02 October 2009	USD50,000/ USD0	100	–	Investment holding
Shanghai Horizon Construction Development Co., Ltd (上海宏信建設發展有限公司) (Note ii, Note v)	PRC/Chinese mainland 14 April 2014	RMB5,550,000,000	–	41.69	Construction
Shanghai Horizon Equipment & Engineering Co., Ltd (上海宏信設備工程有限公司) (Note ii, Note v)	PRC/Chinese mainland 13 July 2011	RMB5,920,000,000	–	41.69	Engineering

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianjin Horizon Equipment Leasing Co., Ltd (天津宏信設備租賃有限公司) (Note ii, Note v)	PRC/Chinese mainland 27 July 2012	RMB100,000,000	–	41.69	Operating leasing
Shanghai Horizon Construction Investment Co., Ltd. (上海宏信建設投資有限公司) (Note ii)	PRC/Chinese mainland 12 January 2016	RMB3,000,000,000/ RMB2,500,000,000	–	100	Investment holding
Shanghai Hongjin Equipment & Engineering Co., Ltd. (上海宏金設備工程有限公司) (Note ii, Note v)	PRC/Chinese mainland 02 August 2013	RMB600,000,000	–	41.69	Operating leasing
Pan Zhou Yuhong Infrastructure Investment Co., Ltd. (盤州市昱宏基礎設施投資有限公司) (Note ii)	PRC/Chinese mainland 07 November 2015	RMB10,000,000	–	100	Construction
Kunming Hongqi Infrastructure Investment Co., Ltd (昆明宏騏建設投資有限公司) (Note ii)	PRC/Chinese mainland 06 May 2022	RMB182,825,500/ RMB92,383,071	–	98	Construction
Jishou Yuxin Construction Investment Co., Ltd. (吉首市昱信建設發展有限公司) (Note ii)	PRC/Chinese mainland 14 September 2016	RMB93,400,000	–	100	Construction
Yanan Yanyan Expressway Link Line Infrastructure Construction & Investment Co., Ltd (延安市延延連接線建設投資有限公司)(Note ii)	PRC/Chinese mainland 19 January 2017	RMB202,318,678	–	54	Construction
Yanan Yuhua Infrastructure Construction & Investment Co., Ltd (延安昱華建設投資有限公司) (Note ii)	PRC/Chinese mainland 22 September 2017	RMB92,858,760	–	60	Construction

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhongxiang Hongrui Infrastructure Construction & Investment Co., Ltd (鐘祥宏瑞建設投資有限公司) (Note ii)	PRC/Chinese mainland 25 October 2017	RMB296,817,100	–	90	Construction
Guangzhou Horizon Equipment & Engineering Co., LTD (廣州宏途設備工程有限公司) (Note ii, Note v)	PRC/Chinese mainland 23 March 2015	RMB1,133,220,000	–	41.69	Operating leasing
Grand Flight Investment Management Co., Ltd. (宏翔投資管理有限公司) (Note i)	British Virgin Islands 12 August 2014	USD50,000/ USD1	–	100	Investment holding
Shanghai Thrive Kind Healthcare Investment Co., Ltd. (上海臻慈醫療投資有限公司) (Note ii)	PRC/Chinese mainland 10 February 2015	RMB400,000,000	–	100	Investment holding
Horizon Education Investment Holding (Shanghai) Co., Ltd.(上海宏信教育投資控股有限公司) (Note ii)	PRC/Chinese mainland 17 July 2014	RMB1,098,640,000	–	100	Investment holding
Lichuan Horizon Harmonious Hospital Co., Ltd (利川宏信和諧醫院有限責任公司) (Note ii)	PRC/Chinese mainland 03 December 2021	RMB100,680,000	–	70	Medical services
Confucius International School Qingdao (青島市市南區宏文外語培訓學校) (Note ii)	PRC/Chinese mainland 08 July 2009	RMB1,200,000/ RMB0	–	90	Education services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Horizon Healthcare Management (Shanghai) Co., Ltd. (上海宏信醫院管理有限公司) (Note ii)	PRC/Chinese mainland 27 December 2012	RMB5,000,000	–	100	Advisory services
Far East Healthcare Holding Limited (遠東醫療控股有限公司) (Note i)	Hong Kong 30 August 2012	HKD10,000,000	–	100	Investment holding
Tianjin Renju Investment management Co., Ltd (天津仁聚投資控股有限公司) (Note ii)	PRC/Chinese mainland 12 January 2015	USD450,000,000/ USD444,142,508	–	100	Investment holding
Horizon Healthcare Investment & Holding (Shanghai) Co., Ltd. (上海宏信醫療投資控股有限公司) (Note ii)	PRC/Chinese mainland 26 April 2013	RMB3,000,000,000/ RMB2,826,890,000	–	100	Investment holding
Huakang Orthopaedics Hospital Co., Ltd. (惠州華康醫院有限公司)(Note ii)	PRC/Chinese mainland 20 February 2004	RMB35,130,000	–	70	Medical services
Siping Cancer Institute & Hospital Co., Ltd. (四平市腫瘤醫院有限公司) (Note ii)	PRC/Chinese mainland 23 April 2014	RMB58,823,990	–	60	Medical services
Binhai Xinrenci Hospital Co., Ltd. (濱海新仁慈醫院有限公司) (Note ii)	PRC/Chinese mainland 20 January 2015	RMB4,112,900	–	69	Medical services

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Anda Jiren Hospital Co., Ltd. (安達市濟仁醫院有限責任公司) (Note ii)	PRC/Chinese mainland 09 April 2015	RMB20,460,878	–	58	Medical services
Deyang The Fifth Hospital Co., Ltd. (德陽第五醫院股份有限公司) (Note ii)	PRC/Chinese mainland 06 January 2012	RMB145,000,000	–	70	Medical services
Nayong Xinli Hospital Co., Ltd. (納雍新立醫院有限公司) (Note ii)	PRC/Chinese mainland 12 May 2016	RMB89,881,469/ RMB84,304,549	–	51	Medical services
Siyang Hospital of Traditional Chinese Medicine Co., Ltd. (泗陽縣中醫院有限公司) (Note ii)	PRC/Chinese mainland 06 January 2016	RMB30,000,000	–	60	Medical services
Chongqing Yudong Hospital Co., Ltd. (重慶渝東醫院有限責任公司) (Note ii)	PRC/Chinese mainland 07 December 2007	RMB29,154,515	–	51	Medical services
Shenzhen CiHai Hospital (深圳慈海醫院) (Note ii)	PRC/Chinese mainland 21 December 2015	RMB50,000,000	–	80	Medical services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen ZhongHai Hospital (深圳中海醫院) (Note ii)	PRC/Chinese mainland 22 December 2015	RMB50,000,000/ RMB30,000,000	–	80	Medical services
Meizhou TieLuQiao Hospital Co., Ltd. (梅州鐵爐橋醫院有限公司) (Note ii)	PRC/Chinese mainland 08 December 2015	RMB13,422,819	–	51	Medical services
Zhaotong Renan Hospital Co., Ltd. (昭通仁安醫院有限責任公司) (Note ii)	PRC/Chinese mainland 26 November 2013	RMB534,545,000	–	80	Medical services
Qiaojia Renan Hospital Co., Ltd. (巧家仁安醫院有限公司) (Note ii)	PRC/Chinese mainland 01 April 2017	RMB500,000	–	80	Medical services
Shanghai Grand Glory Eco Technology Co., Ltd (上海宏瑞環保科技有限公司) (Note ii)	PRC/Chinese mainland 26 December 2014	RMB22,000,000	–	100	Eco-technology
Far East Horizon Medical Technology Development Co., Ltd (遠東宏信醫療科技發展有限公司) (Note ii)	PRC/Chinese mainland 16 November 2016	RMB50,000,000	–	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianjin Hongsheng Leasing Co., Ltd. (天津宏聖租賃有限公司) (Note ii)	PRC/Chinese mainland 12 July 2019	RMB1,500,000,000/ RMB1,000,000,000	–	100	Operating leasing
Xianning Matang Hospital Company Limited (咸寧麻塘風濕病醫院有限公司) (Note ii)	PRC/Chinese mainland 23 August 2006	RMB22,448,980	–	51	Medical services
Renshou Yunchang Hospital Company Limited (仁壽運長醫院有限責任公司) (Note ii)	PRC/Chinese mainland 20 October 2016	RMB40,000,000	–	73.5	Medical services
Qinghai Kangle Hospital Co., Ltd. (青海省康樂醫院有限公司)(Note ii)	PRC/Chinese mainland 14 September 2017	RMB25,000,000	–	100	Medical services
Xinxiang League Hospital Company Limited (新鄉同盟醫院有限公司)(Note ii)	PRC/Chinese mainland 09 November 2017	RMB22,727,273/ RMB10,000,000	–	51	Medical services
Sihui Wanlong Hospital.Co., Ltd (四會萬隆醫院有限公司) (Note ii)	PRC/Chinese mainland 09 June 2003	RMB127,120,000/ RMB100,590,000	–	100	Medical services
Tiianjin Horizon Yuanzhan Enterprise Management Co., Ltd. (宏信遠展企業管理有限公司) (Note ii)	PRC/Chinese mainland 29 March 2018	RMB900,000,000	–	100	Investment management
Tiianjin Hongtuo Investment Management Co., Ltd. (宏拓投資管理有限公司) (Note ii)	PRC/Chinese mainland 09 November 2017	RMB3,000,000,000	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hongjie Asset Management Co., Ltd. (宏傑資產管理有限公司) (Note ii)	PRC/Chinese mainland 29 January 2018	RMB3,000,000,000/ RMB2,879,600,000	–	100	Investment management
Yuanhong Zhike (Tianjin) Information Technology Co., Ltd. (遠宏智科(天津)信息科技有限公司)(Note ii)	PRC/Chinese mainland 10 May 2018	RMB30,000,000	–	100	Investment management
Siyang Hongkang Shengde Health Care Technology Co., Ltd.(泗陽宏康聖德健康護理科技有限公司) (Note ii)	PRC/Chinese mainland 20 August 2024	RMB1,000,000/ RMB0	–	60	Medical services
Nanchang Hongdi Infrastructure Construction Co., Ltd (南昌市宏迪建設有限公司)(Note ii)	PRC/Chinese mainland 08 August 2017	RMB20,000,000	–	94	Construction
Far East Horizon Medical Group Co., Ltd. (遠東宏信醫院集團有限公司) (Note ii)	PRC/Chinese mainland 13 April 2015	RMB3,000,000,000/ RMB2,826,890,000	–	100	Investment holding
Suqian Hongjing Water Treatment Co., Ltd. (宿遷市宏景水處理有限責任公司)(Note ii)	PRC/Chinese mainland 25 July 2019	RMB287,753,200/ RMB158,322,581	–	62	Eco-technology
Zhejiang Hongshun Pharmaceutical Co., Ltd. (浙江宏順醫藥有限公司) (Note ii)	PRC/Chinese mainland 10 October 2024	RMB20,000,000/ RMB0	–	100	Medical services
Chengdu Jinsha Hospital Co., Ltd. (成都金沙醫院有限公司) (Note ii)	PRC/Chinese mainland 18 June 2014	RMB10,000,000	–	100	Medical services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo Zhenhai Second Hospital Co., Ltd. (寧波鎮海第二醫院) (Note ii)	PRC/Chinese mainland 27 September 2017	RMB87,662,102	–	100	Medical services
Zhecheng Hospital of Traditional Chinese Medicine Co., Ltd. (柘城中醫院有限公司) (Note ii)	PRC/Chinese mainland 21 March 2019	RMB3,630,858/ RMB3,396,320	–	51	Medical services
Tianjin Horizon Asset Management Co. Ltd. (天津宏信資產管理有限公司) (Note ii)	PRC/Chinese mainland 23 November 2017	RMB4,000,000,000	–	100	Investment management
Xingyang Hongkun Infrastructure Investment Co., Ltd (滎陽市宏坤建設投資有限公司) (Note ii)	PRC/Chinese mainland 09 March 2022	RMB50,000,000/ RMB49,698,325	–	67.5	Construction
Shanghai Jingyi Enterprise Management Co., Ltd (上海景屹企業管理有限公司) (Note ii)	PRC/Chinese mainland 30 December 2016	RMB242,000,000/ RMB240,000,000	–	100	Investment management
Tianjin Hongmao Enterprise Management Co., Ltd (天津宏茂企業管理有限公司) (Note ii)	PRC/Chinese mainland 05 January 2018	RMB730,000,000/ RMB511,000,000	–	100	Investment management
Tianjin Horizon Yuanpeng Enterprise Management Co., Ltd (天津宏信遠鵬企業管理有限公司) (Note ii)	PRC/Chinese mainland 27 February 2018	RMB700,000,000	–	100	Investment management
Tianjin Junmeng Management Co., Ltd (天津駿盟企業管理有限公司) (Note ii)	PRC/Chinese mainland 12 April 2017	RMB100,000,000	–	100	Investment management

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianjin Juntai Enterprise Management Co., Ltd (天津駿泰企業管理有限公司) (Note ii)	PRC/Chinese mainland 16 March 2017	RMB300,000,000	–	100	Investment management
Tianjin Junjia Enterprise Management Co., Ltd (天津駿嘉企業管理有限公司) (Note ii)	PRC/Chinese mainland 12 July 2017	RMB700,000,000	–	100	Investment management
Ye County Second Hospital Co., Ltd. (葉縣第二醫院有限公司) (Note ii)	PRC/Chinese mainland 04 July 2019	RMB100,000,000	–	66.7	Medical services
Yangzhou Jianglin Construction & Investment Co., Ltd (揚州江臨投資建設有限公司) (Note ii)	PRC/Chinese mainland 21 April 2017	RMB300,000,000	–	100	Construction investment
Jinyun Hongzhi Transportation Investment Co., Ltd (縉雲縣宏冶交通投資有限公司) (Note ii)	PRC/Chinese mainland 29 September 2018	RMB346,122,360/ RMB213,348,399	–	94.05	Investment management
Linghai Dalinghe Hospital Co., Ltd (凌海大凌河醫院有限責任公司) (Note ii)	PRC/Chinese mainland 08 August 2016	RMB87,833,334	–	70	Medical services
Longpei (Shanghai) Enterprise Management Limited (礱佩(上海)企業管理有限公司) (Note ii)	PRC/Chinese mainland 29 June 2020	RMB5,000,000	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Jingkun Enterprise Management Partnership (Limited Partnership) (上海境昆企業管理合夥企業(有限合夥)) (Note ii)	PRC/Chinese mainland 19 June 2020	RMB250,100,000/ RMB0	–	100	Investment management
Zibo Hongjia Construction Investment Limited (淄博市宏嘉建設投資有限公司) (Note ii)	PRC/Chinese mainland 16 July 2020	RMB100,000,000	–	90	Construction
Tianjin Tongli Hongyang No. 3 Enterprise Management and Advisory Centre (LP) (天津同歷宏陽三號企業管理諮詢中心(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 06 September 2017	RMB29,960,000/ RMB0	–	22.04	Investment management
Grand Flight Yongxuan (Tianjin) Enterprise Management Centre (LP) (天津遠翼永宣企業管理中心(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 11 October 2018	RMB1,697,850,000/ RMB0	–	41.18	Investment management
Hangzhou Honglin Urban Development and Construction Co., Ltd. (杭州宏臨城市發展建設有限公司) (Note ii)	PRC/Chinese mainland 17 June 2024	RMB110,000,000/ RMB0	–	100	Construction
Yantai Grand Light Municiple Development Limited (煙台宏明城市發展有限公司) (Note ii)	PRC/Chinese mainland 19 August 2020	USD95,000,000/ USD30,000,000	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pizhou Dongda Hospital Co., Ltd. (邳州市東大醫院有限公司) (Note ii)	PRC/Chinese mainland 19 September 2011	RMB181,603,602/ RMB181,603,600	–	54.67	Medical services
Horizon Construction Development Limited (宏信建設發展有限公司) (Note i, Note v)	Cayman Islands 28 September 2020	USD100,000/ USD63,945	41.69	–	Construction
Horizon Construction (Hong Kong) Limited (宏信建發(香港)有限公司) (Note i, Note v)	Hong Kong 19 December 2014	HKD1/ RMB4,800,000,000	–	41.69	Investment holding
Tianjin Horizon Construction Development Investment Co., Ltd. (天津宏信建發投資有限公司) (Note ii, Note v)	PRC/Chinese mainland 20 June 2019	USD1,100,000,000/ USD1,053,479,627	–	41.69	Investment holding
Shanghai Horizon Construction Technology Co., Ltd. (上海宏信建築科技有限公司) (Note ii, Note v)	PRC/Chinese mainland 20 April 2020	RMB200,000,000	–	41.69	Construction
Shanghai Horizon Engineering Technology Co., Ltd. (上海宏信工程技術有限公司) (Note ii, Note v)	PRC/Chinese mainland 11 September 2020	RMB200,000,000	–	41.69	Construction
Tianjin Horizon Construction Development Leasing Co., Ltd.(天津宏信建發租賃有限公司) (Note ii, Note v)	PRC/Chinese mainland 16 April 2020	RMB955,000,000	–	41.69	Construction

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianjin Hongtu Supply Chain Management Co., Ltd. (天津宏途供應鏈管理有限公司) (Note ii, Note v)	PRC/Chinese mainland 19 November 2020	RMB10,000,000	–	41.69	Construction
Tianjin Horizon Construction Development Engineering Technology Co., Ltd. (天津宏信建發工程技術有限公司) (Note ii, Note v)	PRC/Chinese mainland 23 November 2020	RMB60,000,000	–	41.69	Construction
Beijing Hongtu Equipment Leasing Co., Ltd. (北京宏途設備租賃有限公司)(Note ii, Note v)	PRC/Chinese mainland 02 December 2020	RMB1,000,000	–	41.69	Construction
Horizon Commercial Factoring Co., Ltd. (遠宏商業保理(天津)有限公司)(Note ii)	PRC/Chinese mainland 08 November 2019	RMB3,000,000,000	100	–	Factoring
Shanghai Chongzhi Information Technology Development Limited (上海崇至信息科技發展有限公司) (Note ii)	PRC/Chinese mainland 12 May 2016	RMB750,000,000	–	100	Information technology
Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd.(遠東宏信普惠融資租賃(天津)有限公司) (Note ii)	PRC/Chinese mainland 25 October 2019	RMB2,000,000,000	45	55	Finance lease
Far East Horizon Healthcare Industry Development Co., Ltd.(遠東宏信健康產業發展有限公司) (Note i)	Cayman Islands 04 November 2014	USD161,212,393/ USD147,580,889	–	100	Medical services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Hongxian Enterprise Management Consulting Co., Ltd. (北京宏賢企業管理諮詢有限公司) (Note ii)	PRC/Chinese mainland 04 December 2017	RMB5,000,000/ RMB2,000,000	–	100	Management consulting
Far East Horizon Capital Limited (遠東宏信資本有限公司)(Note i)	Hong Kong 31 August 2015	HKD2,000,000,000/ HKD1,116,364,359	100	–	Investment management
Far East Horizon International Finance Co., Limited (遠東宏信國際金融有限公司) (Note i)	Hong Kong 04 September 2019	HKD10,000,000	–	100	International finance
Horizon Construction Overseas (Hong Kong) Limited (宏信建發海外(香港)有限公司) (Note i, Note v)	Hong Kong 29 April 2021	HKD10,000,000 and RMB1,600,000,000	–	41.69	Investment holding
Yuanhong Investment (Guangdong) Co., Ltd. (遠宏投資(廣東)有限公司) (Note ii)	PRC/Chinese mainland 20 April 2023	USD370,000,000	100	–	Investment management
Hongjie Investment Holdings (Guangzhou) Co., Ltd. (宏傑投資控股(廣州)有限公司) (Note ii)	PRC/Chinese mainland 19 June 2023	RMB3,100,000,000/ RMB2,917,889,286	–	100	Investment management
Far East Horizon Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司) (Note ii)	PRC/Chinese mainland 13 April 2023	RMB2,000,000,000	–	100	Finance lease

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Hongxin Urban Development and Construction Co., Ltd. (杭州宏信城市發展建設有限公司) (Note ii)	PRC/Chinese mainland 18 September 2024	RMB107,037,000	–	100	Construction
Qingdao Hongrong Huixin Technology Development Co., Ltd. (青島宏融匯信科技發展有限公司) (Note ii)	PRC/Chinese mainland 15 May 2024	RMB400,000,000	100	–	Eco-technology
Tianjin Hongdi Enterprise Management Co., Ltd. (天津宏笛企業管理有限公司) (Note ii)	PRC/Chinese mainland 10 January 2018	RMB10,000/ RMB0	–	100	Advisory services
Yushan County Yusheng Construction Engineering Investment Co., Ltd. (玉山縣玉昇建設工程投資有限公司) (Note ii)	PRC/Chinese mainland 20 December 2017	RMB162,530,000	–	99	Construction
Yudu County Hongzheng Construction Investment Co., Ltd. (於都縣宏徵建設投資有限公司) (Note ii)	PRC/Chinese mainland 22 January 2021	RMB90,612,000/ RMB80,600,400	–	94.74	Construction
Zaozhuang Hongji Construction Investment Co., Ltd. (棗莊市宏濟建設投資有限公司) (Note ii)	PRC/Chinese mainland 20 May 2021	RMB216,191,500	–	67	Construction
Tianjin Hongxi Enterprise Management Co., Ltd. (天津宏禧企業管理有限公司) (Note ii)	PRC/Chinese mainland 05 January 2018	RMB88,670,400	–	100	Advisory services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pizhou Hongye Port Investment Co., Ltd. (邳州市宏冶港務投資有限公司) (Note ii)	PRC/Chinese mainland 09 December 2021	RMB291,841,300/ RMB274,830,000	–	70	Investment management
Nanchang Hongchuo Construction Co., Ltd. (南昌市宏綽建設有限公司) (Note ii)	PRC/Chinese mainland 04 November 2021	RMB10,000,000/ RMB9,700,000	–	97	Investment management
Fujian Xinjian Infrastructure Investment Co., Ltd. (福建信建基礎設施投資有限公司) (Note ii)	PRC/Chinese mainland 30 December 2022	RMB172,656,213/ RMB49,000,000	–	97	Investment management
Grand Light Development Limited (宏明發展有限公司) (Note i)	Hong Kong 23 June 2011	HKD1	100	–	Investment
Big Famous Investment Management Limited (泰榮投資管理有限公司) (Note i)	Hong Kong 24 October 2014	HKD1/ HKD0	–	100	Investment
Universe Trek Limited (星旅有限公司) (Note i)	British Virgin Islands 13 March 2018	USD1/ USD0	–	100	Investment
Cosmic Achieve Limited (普成有限公司) (Note i)	British Virgin Islands 25 October 2012	USD396,893,350/ USD639,906,238	–	100	Investment
Kontex Development Limited (康大發展有限公司) (Note i)	Hong Kong 04 January 1994	RMB10,000/ RMB7,862	–	100	Investment

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Allied Force Development International Limited (駿匯發展國際有限公司) (Note i)	Hong Kong 20 February 2018	HKD1	–	100	Investment
Qingdao Junhui Urban Construction Investment Co., Ltd. (青島駿匯城市建設投資有限公司) (Note ii)	PRC/Chinese mainland 21 July 2022	USD28,000,000/ USD0	–	100	Investment management
Qingdao Junhuida Urban Construction Investment Co., Ltd. (青島駿匯達城市建設投資有限公司) (Note ii)	PRC/Chinese mainland 20 September 2022	RMB195,806,000/ RMB0	–	100	Investment management
Donghong Investment Co., Ltd. (東泓投資有限公司) (Note ii)	PRC/Chinese mainland 27 November 2018	USD100,000,000/ USD87,178,659	100	–	Investment management
Shanghai Huancui Industrial Development Co., Ltd. (上海寰萃實業發展有限公司) (Note ii)	PRC/Chinese mainland 04 January 2019	RMB700,000,000/ RMB620,000,000	–	100	Investment management
Shanghai Yucui Enterprise Management Co., Ltd. (上海宇萃企業管理有限公司) (Note ii)	PRC/Chinese mainland 30 January 2019	RMB779,850,000/ RMB659,900,000	–	100	Investment management
Qingdao Shinan District Hongwen Technology Training School Co., Ltd. (青島市市南區宏文科技培訓學校有限公司) (Note ii)	PRC/Chinese mainland 26 January 2025	RMB300,000/ RMB0	–	90	Education services

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Yuanchen Cultural Development Co., Ltd. (上海遠宸文化發展有限公司) (Note ii)	PRC/Chinese mainland 30 September 2018	RMB5,000,000/ RMB3,000,000	–	100	Investment management
Shanghai Yuanchen Travel Agency Co., Ltd. (上海遠宸旅行社有限公司) (Note ii)	PRC/Chinese mainland 27 December 2018	RMB500,000	–	100	Investment management
Qingdao Fansheng Equity Investment Partnership Enterprise (Limited Partnership) (青島繁盛股權投資合夥企業(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 20 May 2021	RMB285,000,000/ RMB0	–	100	Investment management
Far Sight Investment Limited (遠輝投資有限公司) (Note i)	Hong Kong 21 February 2020	HKD1/ HKD0	–	100	Investment
Far East Horizon Ship Finance Co., Limited (遠東宏信船舶融資有限公司) (Note i)	Hong Kong 16 September 2010	RMB1,000/ RMB128	–	100	Shipping
Far East Horizon Glory Shipping Limited (遠東宏信兆瑞船舶有限公司) (Note i)	Hong Kong 27 June 2013	HKD1/ HKD0	–	100	Shipping
Tianjin Zhuyan Yangzhi Enterprise Management Co., Ltd. (天津追嚴揚直企業管理有限公司) (Note ii)	PRC/Chinese mainland 19 December 2018	RMB300,000,000/ RMB0	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yuanzhi Private Fund Management (Shanghai) Co., Ltd. (遠至私募基金管理(上海)有限公司) (Note ii, Note iii)	PRC/Chinese mainland 23 October 2015	RMB30,000,000/ RMB10,000,000	–	100	Investment management
Yantai Yuanzhi Maihe Venture Capital Partnership Enterprise (Limited Partnership) (煙台遠至脈合創業投資合夥企業(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 20 May 2025	RMB500,000,000/ RMB0	–	30	Investment management
Tianjin Junrong Enterprise Management Co., Ltd. (天津駿融企業管理有限公司) (Note ii)	PRC/Chinese mainland 12 April 2017	RMB100,000/ RMB0	–	100	Investment management
Tianjin Jieyu Enterprise Management Co., Ltd. (天津捷毓企業管理有限公司) (Note ii)	PRC/Chinese mainland 08 May 2017	RMB2,000,000	–	100	Investment management
Shanghai Baisong Enterprise Management Co., Ltd. (上海佰嵩企業管理有限公司) (Note ii)	PRC/Chinese mainland 07 August 2017	RMB100,000/ RMB0	–	100	Investment management
Shanghai Jingxiang Enterprise Management Co., Ltd. (上海景襄企業管理有限公司) (Note ii)	PRC/Chinese mainland 20 March 2019	RMB340,000,000	–	100	Investment management
Shanghai Xiangfu Equity Investment Fund Center (Limited Partnership) (上海襄富股權投資基金中心(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 04 July 2019	RMB585,000,000/ RMB0	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Nanjing Xiangye Equity Investment Partnership Enterprise (Limited Partnership) (南京襄鄴股權投資合夥企業(有限合夥)) (Note ii, Note iii)	PRC/Chinese mainland 28 May 2020	RMB1,114,840,000	–	41.18	Investment management
Yuanhong Yilian (Tianjin) Information Technology Co., Ltd. (遠宏易聯(天津)信息科技有限公司) (Note ii)	PRC/Chinese mainland 19 September 2019	RMB10,000,000	–	100	Investment management
Tian Jin Shengshi Enterprise Management Co., Ltd. (天津盛勢企業管理有限公司) (Note ii)	PRC/Chinese mainland 24 August 2015	RMB50,000,000	–	100	Investment management
Shanghai Yuhong Enterprise Management Co., Ltd. (上海峪閎企業管理有限公司) (Note ii)	PRC/Chinese mainland 06 March 2025	RMB10,000,000/ RMB0	–	100	Investment management
Shanghai Junyu Enterprise Management Co., Ltd. (上海駿峪企業管理有限公司) (Note ii)	PRC/Chinese mainland 13 December 2024	RMB85,900,000/ RMB0	–	100	Investment management
Shanghai Junzhan Enterprise Management Co., Ltd. (上海駿瞻企業管理有限公司) (Note ii)	PRC/Chinese mainland 13 December 2023	RMB10,000,000	–	100	Investment management
Changsha Jiehuan Enterprise Management Co., Ltd. (長沙傑桓企業管理有限公司) (Note ii)	PRC/Chinese mainland 22 December 2023	RMB1,000,000/ RMB0	–	100	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Hongkun Urban Development and Construction Co., Ltd. (北京宏琨城市開發建設有限公司) (Note ii)	PRC/Chinese mainland 08 May 2025	RMB50,000,000/ RMB0	–	100	Investment management
Chengdu Hongjin Urban Construction and Development Co., Ltd. (成都宏瑾城市建設發展有限公司) (Note ii)	PRC/Chinese mainland 09 May 2025	RMB10,000,000/ RMB0	–	100	Investment management
Tianjin Hongyu Ruida Enterprise Management Co., Ltd. (天津宏御瑞達企業管理有限公司) (Note ii)	PRC/Chinese mainland 07 November 2022	RMB82,000,000	–	92	Investment management
Shanghai Langyu Enterprise Management Co., Ltd. (上海瑯峪企業管理有限公司) (Note ii)	PRC/Chinese mainland 12 May 2025	RMB160,000,000/ RMB0	–	100	Investment management
Changsha Yuanxiang Investment Co., Ltd. (長沙遠湘投資有限公司) (Note ii)	PRC/Chinese mainland 11 December 2023	RMB146,000,000	100	–	Investment management
Changzhou Hongtan Investment Co., Ltd. (常州市宏壇投資有限公司) (Note ii)	PRC/Chinese mainland 11 December 2023	USD20,000,000/ USD0	100	–	Investment management
Yantai Honglu Equity Investment Co., Ltd. (煙台宏魯股權投資有限公司) (Note ii)	PRC/Chinese mainland 13 December 2023	RMB182,500,000/ RMB175,050,000	100	–	Investment management

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tianjin Hongxi Enterprise Management Co., Ltd. (天津宏熙企業管理有限公司) (Note ii)	PRC/Chinese mainland 06 December 2023	RMB109,500,000/ RMB103,700,000	100	–	Investment management
Nanjing Hongli Equity Investment Co., Ltd. (南京市宏溧股權投資有限公司) (Note ii)	PRC/Chinese mainland 11 December 2023	USD20,000,000/ USD0	100	–	Investment management
Hangzhou Hongyao Self Owned Fund Investment Co., Ltd. (杭州宏曜自有資金投資有限公司) (Note ii)	PRC/Chinese mainland 08 May 2025	RMB74,000,000/ RMB0	100	–	Investment management
Nanning Yuanyue Investment Co., Ltd. (南寧遠躍投資有限公司) (Note ii)	PRC/Chinese mainland 13 December 2023	RMB51,000,000/ RMB50,050,000	–	100	Investment management
Ningbo Hongzhen Enterprise Management Consulting Co., Ltd. (寧波弘臻企業管理諮詢有限公司) (Note ii)	PRC/Chinese mainland 09 September 2025	RMB34,500,000/ RMB0	100	–	Investment management
Guangzhou Yuanshang Investment Co., Ltd. (廣州遠上投資有限公司) (Note ii)	PRC/Chinese mainland 12 December 2023	RMB58,000,000/ RMB55,050,000	–	100	Investment management
Horizon Construction Development (Singapore) PTE. LTD (Note i, Note v)	Singapore 21 July 2021	SGD1,000,000	–	41.69	Wholesale trade of a variety of goods without a dominant product

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Horizon Construction Overseas (Malaysia) SDN.BHD. (Note i, Note v)	Malaysia 08 November 2021	MYR23,500,000	–	41.69	Import and export, sale and leasing of new and used equipment
Horizon Construction Development Overseas (Vietnam) CO., LTD. (Note i, Note v)	Vietnam 16 March 2023	USD500,000	–	41.69	Engineering and technical services, equipment operating lease, sales of equipment and spare parts, etc
Horizon Construction Development (Thailand) CO., LTD. (Note i, Note v)	Thailand 10 May 2023	THB225,000,000	–	41.69	Trade in machinery, tools and accessories; Construction and civil machinery lease
PT Horizon Construction Indonesia (Note i, Note v)	Indonesia 09 January 2023	IDR451,795,865,600	–	41.69	Trade in machinery, tools and accessories; Construction and civil machinery lease

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CDHorizon FZE (Note i, Note v)	The United Arab Emirates 26 October 2023	AED530,000	–	41.69	Construction Equipment & Machinery Rental Handling, Loading & Lifting Equipment Rental Pumps, Engines and Generators Rental Converting Industries Equipment & Machinery Rental
CDHorizon Arabia Company limited (Note i, Note v)	Kingdom of Saudi Arabia 17 December 2023	SAR132,050,000	–	41.69	Repair and maintenance of mining and construction machinery and oil and gas fields, electrical equipment repair and maintenance of engines, generators and steam generators

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Horizon Construction Development Turkey iNŞAAT GELiŞTiRME ANONiM ŞiRKETi (Note i, Note v)	Turkey 15 January 2024	TRY45,560,000	–	41.69	Engage in various construction projects and project development; lease machinery, equipment
CDHorizon (Macon) Limited (Note i, Note v)	Macao 04 September 2024	MOP800,000/ MOP0	–	41.69	Construction engineering, mechanical engineering, electromechanical installation
Tianjin Lahuole Supply Chain Management Co., Ltd. (天津拉貨了供應鏈管理有限公司) (Note i, Note v)	PRC/Mainland China 12 July 2022	RMB10,000,000/ RMB0	–	41.69	Supply chain management services; Domestic freight forwarding
PT Horizon Construction Development Indonesia (Note i, Note v)	Indonesia 03 December 2024	IDR10,000,000,000/ IDR2,500,855,175	–	41.69	Trade in machinery, tools and accessories; Construction and civil machinery lease

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CDHorizon SPC (Note i, Note v)	Oman 05 December 2024	OMR250,000	–	41.69	Administrative Services, Logistics Services, Equipment and Machinery Trading, Building Materials Trading
Shanghai Horizon Jiantuo Equipment Engineering Co., Ltd. (上海宏信建拓設備工程有限公司) (Note i, Note v)	PRC/Mainland China 18 August 2025	RMB1,200,000,000/ RMB980,000,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Horizon Construction Development Overseas Investment II (Hong Kong) Limited (宏信建發海外投資二期(香港)有限公司) (Note i, Note v)	Hong Kong 15 September 2025	HKD1/ RMB980,000,000	–	41.69	Investment holding
Shanghai Hongjin Equipment Rental Co., Ltd. (上海宏金設備租賃有限公司) (Note i, Note v)	PRC/Mainland China 28 August 2025	RMB50,000,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, etc

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Horizon Construction Development Overseas Investment (Hong Kong) Limited (宏信建發海外投資(香港)有限公司) (Note i, Note v)	Hong Kong 27 May 2025	HKD1/ RMB699,990,000	–	41.69	Investment holding
Jinan Horizon Construction Development Equipment Engineering Co., Ltd. (濟南宏信建發設備工程有限公司) (Note i, Note v)	PRC/Mainland China 26 May 2025	USD50,000,000/ RMB356,609,600	–	41.69	Engineering and technical services, equipment operating lease, etc
Qingdao Hongtu Jianlian Equipment Engineering Co., Ltd. (青島宏途建聯設備工程有限公司) (Note i, Note v)	PRC/Mainland China 26 May 2025	USD60,000,000/ RMB410,608,500	–	41.69	Engineering and technical services, equipment operating lease, etc
Huaian Hongtu Jianxin Equipment Engineering Co., Ltd. (淮安宏途建信設備工程有限公司) (Note i, Note v)	PRC/Mainland China 02 September 2025	USD20,000,000/ RMB71,800,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Zaozhuang Tai'erzhuang District Hongtu Jianlian Construction Engineering Management Co., Ltd. (棗莊市台兒莊區宏途建聯建築工程管理有限公司) (Note i, Note v)	PRC/Mainland China 09 September 2025	USD10,000,000/ RMB57,260,000	–	41.69	Engineering and technical services, equipment operating lease, etc

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chengdu Hongtu Jianlian Construction Engineering Co., Ltd. (成都宏途建聯建築工程有限公司) (Note i, Note v)	PRC/Mainland China 11 September 2025	USD5,000,000/ RMB35,433,500	–	41.69	Engineering and technical services, equipment operating lease, etc
Xuzhou Hongsuijianxin Equipment Engineering Co., Ltd. (徐州宏睢建信設備工程有限公司) (Note i, Note v)	PRC/Mainland China 19 September 2025	USD5,000,000/ RMB25,130,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Jinan Hongtu Jianlian Engineering Management Co., Ltd. (濟南宏途建聯工程管理有限公司) (Note i, Note v)	PRC/Mainland China 22 September 2025	USD20,000,000/ RMB71,800,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Horizon Construction Development Overseas Holding (China) Co., Ltd. (宏信建發海外控股(中國)有限公司) (Note i, Note v)	Hong Kong 18 September 2025	USD60,000,000/ RMB220,000,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Nanjing Honghe Jianlian Equipment Engineering Co., Ltd. (南京宏合建聯設備工程有限公司) (Note i, Note v)	PRC/Mainland China 29 October 2025	USD15,000,000/ RMB106,225,169	–	41.69	Engineering and technical services, equipment operating lease, etc

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Taizhou Hongtu Jianxin Engineering Equipment Rental Co., Ltd. (台州宏途建信工程設備租賃有限公司) (Note i, Note v)	PRC/Mainland China 06 November 2025	USD10,000,000/ RMB35,750,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Langfang Hongjin Engineering Management Co., Ltd. (廊坊宏金工程管理有限公司) (Note i, Note v)	PRC/Mainland China 06 November 2025	USD8,000,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, etc
Yantai Horizon Jiantuo Engineering Management Co., Ltd. (煙台宏信建拓工程管理有限公司) (Note i, Note v)	PRC/Mainland China 10 November 2025	USD15,000,000/ RMB14,240,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Yantai Hongtu Jianlian Engineering Management Co., Ltd. (煙台宏途建聯工程管理有限公司) (Note i, Note v)	PRC/Mainland China 10 November 2025	USD15,000,000/ RMB92,560,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Laizhou Honglai Jianlian Engineering Management Co., Ltd. (萊州宏萊建聯工程管理有限公司) (Note i, Note v)	PRC/Mainland China 14 November 2025	USD15,000,000/ RMB28,480,000	–	41.69	Engineering and technical services, equipment operating lease, etc

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qionglai Hongtu Jianlian Engineering Management Co., Ltd. (邛崍宏途建聯工程管理有限公司) (Note i, Note v)	PRC/Mainland China 14 November 2025	USD15,000,000/ RMB14,240,000	–	41.69	Engineering and technical services, equipment operating lease, etc
Dezhou Hongxia Engineering Management Co., Ltd. (德州宏夏工程管理有限公司) (Note i, Note v)	PRC/Mainland China 08 December 2025	USD18,000,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, etc
Shandong Jiantu Equipment Rental Co., Ltd. (山東建途設備租賃有限公司) (Note i, Note v)	PRC/Mainland China 10 December 2025	USD15,000,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, etc
Hangzhou Hongtu Jianlian Engineering Management Co., Ltd. (杭州宏途建聯工程管理有限公司) (Note i, Note v)	PRC/Mainland China 18 December 2025	USD30,000,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, etc
Horizon Construction Development Overseas Holding (Hong Kong) Limited (宏信建發海外控股(香港)有限公司)(Note i, Note v)	Hong Kong 15 August 2025	HKD1/RMB0	–	41.69	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CDHorizon Morocco (Note i, Note v)	Morocco 23 September 2025	MAD100,000/ RMB0	–	41.69	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc
Horizon Construction Development (Kazakhstan) Limited (Note i, Note v)	Kazakhstan 24 September 2025	KZT200,000,000/ KZT131,746,824	–	41.69	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc
CDHorizon Heavy Machines And Equipment Renting – L.L.C – S.P.C (Note i, Note v)	Abu Dhabi 26 September 2024	AED250,000/ AED0	–	41.69	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc

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31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Horizon Construction Development (Tanzania) Limited (Note i, Note v)	Tanzania 08 January 2025	TZS1,300,000,000/ TZS0	–	41.69	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc
Horizon Construction Development Investment (Hong Kong) Limited (宏信建發投資(香港)有限公司) (Note i, Note v)	Hong Kong 09 January 2025	HKD10,000/ RMB0	–	41.69	Investment holding
Th Tong Heng Machinery SDN. BHD. (Note i, Note v)	Malaysia 02 January 1994	MYR500,000	–	33.35	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

Company name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tgcore trading SDN. BHD. (Note i, Note v)	Malaysia 01 January 2019	MYR51,000/ MYR0	–	33.35	Engineering and technical services, equipment operating lease, maintenance, installation and sales of equipment, etc
Horizon Construction Development Investment II (Hongkong) Limited (宏信建發投資二期(香港)有限公司) (Note i, Note v)	Hong Kong 09 January 2025	HKD10,000/ RMB0	–	41.69	Investment holding
Horizon Construction Development Investment III (Hongkong) Limited (宏信建發投資三期(香港)有限公司) (Note i, Note v)	Hong Kong 09 January 2025	HKD10,000/ RMB0	–	41.69	Investment holding
Horizon Construction Development Holdings (HongKong) Limited (宏信建發控股(香港)有限公司) (Note i, Note v)	Hong Kong 25 August 2025	HKD10,000/ RMB0	–	41.69	Investment holding
CDHorizon Employee Incentive (CP) Limited (Note i, Note v)	British Virgin Islands 13 March 2024	USD100	–	41.69	Investment holding
CDHorizon Employee Incentive (NCP) Limited (Note i, Note v)	British Virgin Islands 13 March 2024	USD100	–	41.69	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. SCOPE OF CONSOLIDATION (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries and consolidated structured entities are as follows: (continued)

The above table lists the subsidiaries and consolidated structured entities of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Note i: Foreign invested enterprises

Note ii: Domestic companies

Note iii: Consolidated structured entities

Note iv: On 4 May 2023, the Company, International Far Eastern Leasing Co., Ltd. ("IFELC"), Far East Horizon (Tianjin) Financial Leasing Co., Ltd. ("FETJ") and China Insurance Investment Co., Ltd. ("China Insurance Investment") entered into the capital increase agreement, the supplemental agreement and related documents (collectively, the "Capital Increase Agreements") in relation to the investment by China Insurance Investment in FETJ. Pursuant to the Capital Increase Agreements, China Insurance Investment will inject capital into FETJ with a total maximum investment amount of RMB4,000,000,000. Upon completion of the capital increase, the Company, IFELC and China Insurance Investment will directly hold approximately 46.96%, 37.83% and 15.21% of the equity interests in FETJ, respectively. FETJ will remain a subsidiary of the Company. As of 31 December 2025, no capital has been injected by China Insurance Investment.

Note v: As stated in the Company's announcement dated April 30, 2024, the board of directors proposed that the Company declare a special dividend in the form of a distribution of Horizon Construction Development Limited shares. The distribution ratio is such that shareholders listed in the Company's register of members as of the record date (June 14, 2024) will receive 10 Horizon Construction Development Limited shares for every 54 shares held. A total of 799 million Horizon Construction Development Limited shares will be distributed, representing approximately 25% of the total issued shares of Horizon Construction Development Limited as of April 30, 2024. The proposal regarding the distribution of the special dividend in kind was approved at the annual general meeting held on June 5, 2024. The share certificates for the Horizon Construction Development Limited shares to be distributed in kind were mailed to eligible shareholders at their respective addresses as shown in the Company's register of members on June 28, 2024. Upon completion of the distribution in kind, the Company directly holds a total of 1,332,247,413 Horizon Construction Development Limited shares (representing approximately 41.69% of the total issued shares of Horizon Construction Development Limited as of June 28, 2024) and has the right to control the voting rights of 176,600,000 Horizon Construction Development Limited shares (representing approximately 5.52% of the total issued shares of Horizon Construction Development Limited as of June 28, 2024) held by Farsighted Wit Limited at the general meetings of Horizon Construction Development Limited. Following the completion of the distribution in kind, Horizon Construction Development Limited remains a subsidiary of the Company, and its financial performance will continue to be consolidated into the Company's financial statements.

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18. INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	**6,482,722**	4,214,314
Excess of consideration over share of net assets acquired	**17,844**	17,844
Provision for impairment	**(440,274)**	(79,318)
Total	**6,060,292**	4,152,840

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Guangzhou Kangda Industrial Technology Co., Ltd. ("Kangda") (廣州康大工業科技產業有限公司)	Registered capital of HKD570,000,000	PRC/ Chinese mainland	60*	60	Development and construction
Kunming Boyue Maternal and Infant Care Co., Ltd. (昆明博悦母嬰護理有限責任公司)	Registered capital of RMB5,555,600	PRC/ Chinese mainland	10	10	Medical services
Grand Flight Holdings Co., Ltd. (遠翼控股有限公司)	Authorised capital of USD50,000	British Virgin Islands	70*	70	Investment holding
Grand Flight Hooyoung Investment Management Co., Ltd. (遠翼宏揚投資管理有限公司)	Authorised capital of USD50,000	Cayman Islands	70*	70	Investment holding
Grand Flight Hooyoung Investment L.P. (遠翼宏揚投資有限合夥)	Registered capital of USD100,500,001	Cayman Islands	54.73*	54.73	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the Group's joint ventures are as follows: (continued)

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Fengyang Qianmen Hospital Co., Ltd. (鳳陽縣前門醫院有限公司)	Registered capital of RMB100,000,000	PRC/ Chinese mainland	35	35	Medical services
Grand Flight Investment Management Co., Ltd. (遠翼投資管理有限公司)	Registered capital of RMB50,000,000	PRC/ Chinese mainland	78*	90	Investment holding
Tianjin Yuanyi Kaiyuan Asset Management Centre (Limited Partnership) (天津遠翼開元資產管理中心(有限合夥)) ("Yuanyi Kaiyuan")	Registered capital of RMB1,505,420,000	PRC/ Chinese mainland	39.856	39.856	Investment holding
Guangzhou Yimei Tiancheng Decoration Engineering Co., Ltd. (廣州藝美天成裝飾工程有限公司)	Registered capital of RMB5,000,000	PRC/ Chinese mainland	60*	60	Decoration engineering
Wuhan Matang Hospital of Traditional Chinese Medicine Co., Ltd. (武漢麻塘中醫醫院有限公司)	Registered capital of RMB16,040,000	PRC/ Chinese mainland	24.99	24.99	Medical services
Shanghai Xiangyun Enterprise Management Partnership (Limited Partnership) (上海襄鋆企業管理合夥企業(有限合夥))	Registered capital of RMB350,010,000	PRC/ Chinese mainland	51.9985*	51.9985	Management consulting
Wuhan Hongye Construction Development Co., Ltd. (武漢泓冶建設發展有限公司)	Registered capital of RMB328,000,000	PRC/ Chinese mainland	47	47	Drainage works

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the Group's joint ventures are as follows: (continued)

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Guixi Hongyu Infrastructure Investment Co., Ltd. (貴溪市宏宇基礎設施投資有限公司)	Registered capital of RMB146,280,748	PRC/ Chinese mainland	85*	90	Infrastructure construction
Guixi Hongye Infrastructure Investment Co., Ltd. (貴溪市宏鄴基礎設施投資有限公司)	Registered capital of RMB151,294,129	PRC/ Chinese mainland	85*	90	Infrastructure construction
Xi'an Chuxin Investment Construction Co., Ltd. (西安楚信投資建設有限公司)	Registered capital of RMB100,000,000	PRC/ Chinese mainland	46	46	Municipal engineering
Sichuan Hongzhu City Construction Investment Co., Ltd. (四川宏鑄城市建設投資有限公司)	Registered capital of RMB10,000,000	PRC/ Chinese mainland	60*	60	Construction investment
Qingdao Co-e-Wins Venture Capital Limited Partnership (青島同歷並贏創業投資合夥企業(有限合夥))	Registered capital of RMB66,000,000	PRC/ Chinese mainland	60.9756*	60.9756	Investment management
Yantai Zhongda Xinhong Education Investment Co., Ltd. (煙台中達信宏科教投資有限公司)	Registered capital of RMB520,000,000	PRC/ Chinese mainland	47.5	47.5	Infrastructure construction
Yantai Yuanxin Zhongda Investment Co., Ltd. (煙台遠信中達投資有限公司)	Registered capital of RMB260,000,000	PRC/ Chinese mainland	67*	67	Infrastructure construction

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the Group's joint ventures are as follows: (continued)

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Nanchang Xintie City Construction Investment Co., Ltd. (南昌市新鐵城建設有限公司)	Registered capital of RMB50,000,000	PRC/ Chinese mainland	45	45	Infrastructure construction
Deyang Hongbo Construction Investment Co., Ltd. (德陽宏博建設投資有限公司)	Registered capital of RMB371,825,488	PRC/ Chinese mainland	87*	87	Infrastructure construction
Ziyang Yuyi Construction Investment Co., Ltd. (資陽市昱奕建設投資有限公司)	Registered capital of RMB100,000,000	PRC/ Chinese mainland	98.15*	98.15	Infrastructure construction
Qingdao Huizhu Zhouji Equity Investment Limited Partnership (青島匯鑄周濟股權投資合夥企業(有限合夥))	Registered capital of RMB500,000,000	PRC/ Chinese mainland	50	50	Investment management
Suzhou Hongcheng City Development Co., Ltd. (蘇州宏澄城市發展有限公司)	Registered capital of RMB20,000,000	PRC/ Chinese mainland	50	50	Infrastructure construction
Tianjin Hongcheng City Development Co., Ltd. (天津宏澄城市發展有限公司)	Registered capital of RMB300,000,000	PRC/ Chinese mainland	99.63*	99.63	Infrastructure construction
Tianjin Hongpu Enterprise Management Co., Ltd. (天津宏璞企業管理有限公司)	Registered capital of RMB127,500,000	PRC/ Chinese mainland	94.12*	94.12	Infrastructure construction

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the Group's joint ventures are as follows: (continued)

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Shanghai Jielang Enterprise Management Co., Ltd. (上海傑瑯企業管理有限公司)	Registered capital of RMB25,000,000	PRC/ Chinese mainland	70*	70	Investment management
Chengdu Jinlanrui City Construction Development Co., Ltd. (成都錦瀾鋭城市建設開發有限公司)	Registered capital of RMB20,000,000	PRC/ Chinese mainland	65.44*	65.44	Infrastructure construction
Hangzhou Hongkun City Development And Construction Co., Ltd. (杭州宏坤城市發展建設有限公司)	Registered capital of RMB10,000,000	PRC/ Chinese mainland	70*	70	Infrastructure construction
Tianjin Hongjia City Development Construction Co., Ltd. (天津宏嘉城市開發建設有限公司)	Registered capital of RMB50,000,000	PRC/ Chinese mainland	45.5	45.5	Infrastructure construction
Chengdu Huachuang Yixingao Property Development Co., Ltd. (成都華創益新高置業有限責任公司)	Registered capital of RMB100,000,000	PRC/ Chinese mainland	70*	70	Infrastructure construction
Suzhou Hongteng City Construction Development Co., Ltd. (蘇州宏騰城市建設發展有限責任公司) ("Suzhou Hongteng")	Registered capital of RMB374,788,000	PRC/ Chinese mainland	70*	70	Infrastructure construction
Hangzhou Hongqian City Development Construction Co., Ltd. (杭州宏乾城市發展建設有限公司)	Registered capital of RMB230,000,000	PRC/ Chinese mainland	70*	70	Infrastructure construction

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the Group's joint ventures are as follows: (continued)

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Profit sharing	Principal activities
Beijing Xingzhu Real Estate Development Co., Ltd. ("Xingzhu") (北京興竺房地產開發有限公司)	Registered capital of RMB1,300,000,000	PRC/ Chinese mainland	70*	70	Infrastructure construction
Chengdu Hongmin City Construction Development Co., Ltd. (成都宏岷城市建設發展有限公司) ("Chengdu Hongmin")	Registered capital of RMB213,350,000	PRC/ Chinese mainland	51*	51	Infrastructure construction
Hangzhou Hongchen City Construction Development Co., Ltd. (杭州宏宸城市建設發展有限公司)	Registered capital of RMB150,000,000	PRC/ Chinese mainland	56.67*	56.67	Infrastructure construction
Hangzhou Jiehan City Development and Construction Co., Ltd. (杭州傑瀚城市發展建設有限公司)	Registered capital of RMB200,000,000	PRC/ Chinese mainland	80*	80	Infrastructure construction

* The decisions about the relevant activities that most significantly affect the returns of these investees would be subject to the consent of others (e.g. other shareholders or directors), and hence, the ownership interests and powers held by the Group in those investees do not currently grant the Group the unilateral ability to direct the relevant activities in these investees.

The Group's loans and accounts receivables balances due from the joint ventures are disclosed in Note 23j to the financial statements. There was no recent history of default and past due amounts for loans to joint ventures. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

Kangda, Xingzhu, and Yuanyi Kaiyuan, which are considered material joint ventures of the Group, are mainly engaged in development and construction, infrastructure construction, and investment holding in the Chinese mainland. The aforementioned companies are measured using the equity method.

NOTES TO FINANCIAL STATEMENTS

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18. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of Kangda adjusted for any differences in accounting policies and reconciled to the carrying amount of the net assets in the financial statements:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents	**272,806**	192,571
Other current assets	**3,449,059**	3,358,695
Current assets	**3,721,865**	3,551,266
Non-current assets	**135,626**	129,894
Other payables and accruals	**(634,870)**	(528,335)
Current liabilities	**(634,870)**	(528,335)
Non-current liabilities	**(930,607)**	(873,428)
Net assets	**2,292,014**	2,279,397
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**60%**	60%
The Group's share of net assets of the joint venture, excluding the excess of consideration over share of net assets acquired	**1,375,208**	1,367,638
Carrying amount of the investment	**1,375,208**	1,367,638

	2025	2024
	RMB'000	RMB'000
Revenue	**330,746**	235,912
Cost of sales	**(161,362)**	(97,194)
Administrative expenses	**(21,188)**	(18,283)
Other expenses	**(80,035)**	(81,229)
Other income	**43**	62
Profit and other comprehensive income for the year	**68,204**	39,268

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of Xingzhu adjusted for any differences in accounting policies and reconciled to the carrying amount of the net assets in the financial statements:

	As at 31 December
	2025
	RMB'000
Cash and cash equivalents	187,421
Other current assets	1,429,551
Current assets	1,616,972
Other payables and accruals	(267,085)
Current liabilities	(267,085)
Non-current liabilities	(70,000)
Net assets	1,279,887
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	70%
The Group's share of net assets of the joint venture, excluding the excess of consideration over share of net assets acquired	895,921
Carrying amount of the investment	895,921

	2025
	RMB'000
Other expenses	(20,328)
Other income	215
Loss and other comprehensive income for the year	(20,113)

Xingzhu was established by the Group along with other investors in March 2025, and therefore has no prior year comparatives.

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31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of Yuanyi Kaiyuan adjusted for any differences in accounting policies and reconciled to the carrying amount of the net assets in the financial statements:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents	**6,760**	4,311
Other current assets	**635,863**	678,490
Current assets	**642,623**	682,801
Net assets	**642,623**	682,801
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**39.856%**	39.856%
The Group's share of net assets of the joint venture, excluding the excess of consideration over share of net assets acquired	**256,124**	272,137
Carrying amount of the investment	**256,124**	272,137

	2025	2024
	RMB'000	RMB'000
Other expenses	**(27,327)**	(94,391)
Other income	**10,162**	9
Loss and total comprehensive income for the year	**(17,165)**	(94,382)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

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

	2025	2024
	RMB'000	RMB'000
Share of the joint venture's gain for the year	110,832	104,283
Aggregate carrying amount of the Group's investments in the joint ventures	3,533,039	2,513,065

19. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Share of net assets	3,844,496	4,157,509
Excess of consideration over share of net assets acquired	329,739	344,159
Provision for impairment	(55,763)	(51,508)
Total	4,118,472	4,450,160

As at 31 December 2025, the Group invested in 3 companies (31 December 2024: 4 companies) which are mainly engaged in the investment holding business in the Chinese mainland, with the registered capital of RMB7,884,870,000, RMB8,590,320,000 and RMB3,000,000,000 (31 December 2024: RMB3,000,000,000, RMB7,884,870,000, RMB8,590,320,000 and RMB3,000,000,000) respectively. The percentages of ownership interest and profit sharing of the Group in these companies are 7.6549%, 7.6342% and 17.0000% (31 December 2024: 10.0100%, 7.6549%, 7.6342% and 17.0000%) respectively. The aforementioned companies are measured using the equity method.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the summarised financial information in respect of the 3 largest associates (in terms of carrying amount as at 31 December 2025) adjusted for any differences in accounting policies and reconciled to the carrying amount of the net assets in the financial statements.

	2025		
	RMB'000	RMB'000	RMB'000
Current assets	26,864,515	39,240,322	6,091,868
Non-current assets	40,373,066	37,038,322	5,805,565
Current liabilities	(12,806,997)	(17,680,259)	(2,421,161)
Non-current liabilities	(28,301,756)	(35,025,864)	(5,348,182)
Net assets	26,128,828	23,572,521	4,128,090
Net assets attributable to the shareholders of the parent	14,785,257	18,045,069	4,128,090
Reconciliation to the Group's interests in the associates:			
Proportion of the Group's ownership	7.6342%	7.6549%	17.0000%
The Group's share of net assets of the associates, excluding the excess of consideration over share of net assets	1,128,732	1,381,328	701,775
Excess of consideration over share of net assets	161,821	120,706	–
Carrying amount of the investment	1,290,553	1,502,034	701,775
Revenue	1,970,269	4,653,964	677,763
Profit and total comprehensive income for the year	1,515,633	1,338,428	329,396
Profit and total comprehensive income attributable to the parent	1,012,027	1,276,662	329,396
Dividend received	24,265	50,152	–

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31 December 2025

19. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the summarised financial information in respect of the 3 largest associates (in terms of carrying amount as at 31 December 2024) adjusted for any differences in accounting policies and reconciled to the carrying amount of the net assets in the financial statements.

	2024		
	RMB'000	RMB'000	RMB'000
Current assets	28,890,628	44,797,795	6,037,240
Non-current assets	28,115,154	33,309,316	5,856,403
Current liabilities	(16,714,317)	(18,225,830)	(1,790,691)
Non-current liabilities	(18,050,934)	(37,770,170)	(6,304,259)
Net assets	22,240,531	22,111,111	3,798,693
Net assets attributable to the shareholders of the parent	14,085,634	17,426,261	3,798,693
Reconciliation to the Group's interests in the associates:			
Proportion of the Group's ownership	7.6342%	7.6549%	17.0000%
The Group's share of net assets of the associates, excluding the excess of consideration over share of net assets	1,075,325	1,333,109	645,778
Excess of consideration over share of net assets	161,821	120,706	–
Carrying amount of the investment	1,237,146	1,453,815	645,778
Revenue	1,475,616	5,549,479	517,614
Profit and total comprehensive income for the year	1,559,408	1,016,441	190,703
Profit and total comprehensive income attributable to the parent	1,079,413	1,495,537	232,160
Dividend received	22,953	45,277	–

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. INVESTMENTS IN ASSOCIATES (continued)

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

	2025	2024
	RMB'000	RMB'000
Share of the associates' profit/(loss) for the year	20,989	(65,596)
Aggregate carrying amount of the Group's investments in the associates	624,110	1,113,421

The Group's loans and accounts receivables balances due from the associates are disclosed in Note 23j to the financial statements.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Unlisted equity investments, at fair value	2,855,970	2,803,425
Listed equity investments, at fair value	916,003	212,283
Unlisted debt investments, at fair value	10,421,816	12,743,562
Total	14,193,789	15,759,270
Analysed into:		
Current portion	2,454,400	3,467,958
Non-current portion	11,739,389	12,291,312

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The above debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

In December 2023, taking into account of the changes in policies and adjustments to business plans comprehensively, the Group decided not to pursue held-to-maturity infrastructure investment projects with characteristics such as long payback periods in the future, and accelerated and took the initiative to dispose of such existing assets. From 1 January 2024, the Group has reclassified the abovementioned financial assets measured at amortized cost into financial assets at fair value through profit or loss. As at 31 December 2025, the balance of the above assets was RMB7,110,644,000 (31 December 2024: RMB7,662,040,000).

As at 31 December 2025, the fair value of financial assets at fair value through profit or loss pledged or charged as collateral for the Group's borrowings amounted to RMB7,110,644,000 (31 December 2024: RMB7,662,040,000) (Note 32(b)).

21. DEBT INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Measured at fair value:		
Notes receivable	**260,855**	453,246

22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2025		**31 December 2024**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	RMB'000	RMB'000	RMB'000	RMB'000
Cross-currency interest rate swaps	**320,419**	**(1,215,243)**	1,514,677	(210,999)
Forward currency contracts	**–**	**(71,857)**	241,699	–
Interest rate swaps	**189**	**(25,177)**	364	(90,592)
Total	**320,608**	**(1,312,277)**	1,756,740	(301,591)
Portion classified as non-current:				
Cross-currency interest rate swaps	**71,745**	**(985,668)**	723,480	(94,072)
Forward currency contracts	**–**	**(2,379)**	–	–
Interest rate swaps	**160**	**(12,628)**	364	(65,006)
	71,905	**(1,000,675)**	723,844	(159,078)
Current portion	**248,703**	**(311,602)**	1,032,896	(142,513)
Total	**320,608**	**(1,312,277)**	1,756,740	(301,591)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9

At 31 December 2025, the Group designated 154 (31 December 2024: 124) cross-currency interest rate swap contracts, 39 (31 December 2024: 7) forward currency contracts and 71 (31 December 2024: 86) interest rate swap contracts as hedges of future cash flows arising from foreign currency borrowings, details of which are as follows:

At 31 December 2025, the Group had 44 (31 December 2024: 55) cross-currency interest rate swaps in place with notional amounts of HKD19,777,120,000 (31 December 2024: HKD23,110,920,000) whereby the Group receives a floating rate of interest on the HKD notional amount at HKD-HIBOR-HKAB and pays a fixed rate of interest on the RMB notional amount at 2.45% to 4.51% (31 December 2024: 3.40% to 4.96%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 44 floating rate long-term borrowings denominated in HKD with the total principal of HKD19,777,120,000 (31 December 2024: HKD23,110,920,000).

At 31 December 2025, the Group had 3 (31 December 2024: 1) cross-currency interest rate swaps in place with a notional amount of HKD450,000,000 (31 December 2024: HKD490,784,000) whereby the Group receives a fixed rate of interest on the HKD notional amount at 3.60% to 4.00% (31 December 2024: 1.50%) per annum and pays a fixed rate of interest on the RMB notional amount at 2.70% to 3.02% (31 December 2024: 4.00%) per annum. The swaps are being used to hedge the foreign currency exposure of 3 fixed rate long-term borrowing denominated in HKD with the total principal of HKD450,000,000 (31 December 2024: HKD490,784,000).

At 31 December 2025, the Group had 33 (31 December 2024: 12) cross-currency interest rate swaps in place with notional amounts of USD1,310,016,000 (31 December 2024: USD445,789,000) whereby the Group receives a floating rate of interest on the USD notional amount at USD-SOFR and pays a fixed rate of interest on the RMB notional amount at 2.50% to 4.55% (31 December 2024: 3.25% to 4.55%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 33 floating rate long-term borrowings denominated in USD with the total principal of USD1,310,016,000 (31 December 2024: USD445,789,000).

At 31 December 2025, the Group had 46 (31 December 2024: 31) cross-currency interest rate swaps in place with notional amounts of USD1,881,000,000 (31 December 2024: USD1,663,540,000) whereby the Group receives a fixed rate of interest on the USD notional amount at 4.25% to 6.63% (31 December 2024: 3.38% to 7.08%) per annum and pays a fixed rate of interest on the RMB notional amount at 3.00% to 5.99% (31 December 2024: 3.50% to 5.99%) per annum. The swaps are being used to hedge the foreign currency exposure of 46 fixed rate long-term borrowings denominated in USD with the total principal of USD1,881,000,000 (31 December 2024: USD1,663,540,000).

At 31 December 2025, the Group had 2 (31 December 2024: 3) cross-currency interest rate swaps in place with notional amounts of JPY30,600,000,000 (31 December 2024: JPY22,000,000,000) whereby the Group receives floating rate interest on the JPY notional amount at JPY-TONA and pays a fixed rate interest on the RMB notional amount at 3.08% (31 December 2024: 4.67%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 2 floating rate long-term borrowings denominated in JPY with the principal of JPY30,600,000,000 (31 December 2024: JPY22,000,000,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

At 31 December 2025, the Group had 5 (31 December 2024: 2) cross-currency interest rate swaps in place with notional amounts of JPY18,200,000,000 (31 December 2024: JPY8,800,000,000) whereby the Group receives a fixed rate interest on the JPY notional amount at 1.20% to 2.05% (31 December 2024: 1.90%) and pays a fixed rate interest on the RMB notional amount at 2.60% to 4.98% (31 December 2024: 4.20% to 4.98%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 5 fixed rate long-term borrowings denominated in JPY with the principal of JPY18,200,000,000 (31 December 2024: JPY8,800,000,000).

At 31 December 2025, the Group had 9 (31 December 2024: 8) cross-currency interest rate swaps in place with a notional amount of EUR280,300,000 (31 December 2024: EUR237,800,000) whereby the Group receives interest at floating rates on the EUR notional amount at EURIBOR and pays interest at fixed rates on the RMB notional amount at 3.16% to 3.99% (31 December 2024: 3.42% to 3.99%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposures of 9 floating rate long-term borrowings denominated in EUR with the total face value of EUR280,300,000 (31 December 2024: EUR237,800,000).

At 31 December 2025, the Group had 4 (31 December 2024: 7) cross-currency interest rate swaps in place with a notional amount of EUR155,568,000 (31 December 2024: EUR207,355,000) whereby the Group receives a fixed rate of interest on the EUR notional amount at 3.60% to 3.95% (31 December 2024: 3.30% to 3.95%) per annum and pays a fixed rate of interest on the RMB notional amount at 4.25% to 4.80% (31 December 2024: 4.00% to 4.80%) per annum. The swaps are being used to hedge the foreign currency exposure of 4 fixed rate long-term borrowing denominated in EUR with the total principal of EUR155,568,000 (31 December 2024: EUR207,355,000).

At 31 December 2025, the Group had 8 (31 December 2024: 5) cross-currency interest rate swaps in place with a notional amount of AED1,339,350,000 (31 December 2024: AED944,800,000) whereby the Group receives interest at floating rates on the AED notional amount at EIBOR and pays interest at fixed rates on the RMB notional amount at 3.22% to 4.60% (31 December 2024: 3.43% to 4.60%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposures of 8 floating rate long-term borrowings denominated in AED with the total face value of AED1,339,350,000 (31 December 2024: AED944,800,000).

At 31 December 2025, the Group had 13 (31 December 2024: 5) forward currency contracts with a total notional amount of USD610,952,000 (31 December 2024: USD220,103,000) as hedges of future cash flows arising from foreign currency borrowings with the total principal of USD610,952,000 (31 December 2024: USD220,103,000) which will be settled in USD.

At 31 December 2025, the Group had 2 (31 December 2024: 1) forward currency contracts with a notional amount of HKD450,000,000 (31 December 2024: HKD104,822,000) as hedge of future cash flows arising from a foreign currency borrowing with the total principal of HKD450,000,000 (31 December 2024: HKD104,822,000) which will be settled in HKD.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

At 31 December 2025, the Group had 1 (31 December 2024: 1) forward currency contract with a notional amount of JPY3,424,385,000 (31 December 2024: JPY2,972,013,000) as hedge of future cash flows arising from a foreign currency borrowing with the total principal of JPY3,424,385,000 (31 December 2024: JPY2,972,013,000) which will be settled in JPY.

At 31 December 2025, the Group had 23 (31 December 2024: Nil) forward currency contracts with a notional amount of EUR55,950,000 (31 December 2024: Nil) as hedge of future cash flows arising from a foreign currency borrowing with the total principal of EUR55,950,000 (31 December 2024: Nil) which will be settled in EUR.

At 31 December 2025, the Group had 1 (31 December 2024: 1) interest rate swap in place with a notional amount of USD40,000,000 (31 December 2024: USD40,000,000) whereby the Group receives a floating rate of interest on the USD notional amount at USD-SOFR and pays a fixed rate of interest on the USD notional amount at 4.63% (31 December 2024: 4.63%) per annum. The swap is being used to hedge interest rate exposure of 1 floating rate long-term borrowing denominated in USD with the principal of USD40,000,000 (31 December 2024: USD40,000,000).

At 31 December 2025, the Group had 70 (31 December 2024: 85) interest rate swaps in place with a total notional amount of RMB13,749,967,000 (31 December 2024: RMB25,131,141,000) whereby the Group receives interest at variable rates based on the Loan Prime Rate on the notional amount and pays a fixed rate of interest on the RMB notional amount at 2.65% to 3.85% (31 December 2024: 3.05% to 4.10%) per annum. The swaps are being used to hedge interest rate exposure of 70 floating rate long-term borrowings denominated in RMB with the principal of RMB13,749,967,000 (31 December 2024: RMB25,131,141,000).

There is an economic relationship between the hedged items and the hedging instruments as the terms of the cross-currency interest rate swap contracts, forward currency contracts and interest rate swaps match the terms of the borrowing contracts (i.e., the notional amount, expected payment date and interest rate). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the cross-currency interest rate swap contracts, forward currency contracts and interest rate swaps are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The Group holds the following cross-currency interest rate swap contracts, forward currency contracts and interest rate swaps:

	Maturity						
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Total
As at 31 December 2025							
Cross-currency interest rate swap contracts							
Notional amount (in RMB'000)	1,091,377	–	718,306	1,904,800	6,862,631	12,157,294	22,734,408
Average forward exchange rate (USD/RMB)	7.2273	–	7.1605	6.5837	7.2299	7.1736	
Notional amount (in RMB'000)	–	1,136,990	5,478,300	322,669	6,672,175	5,147,040	18,757,174
Average forward exchange rate (HKD/RMB)	–	0.8969	0.9162	0.9167	0.9202	0.9098	
Notional amount (in RMB'000)	–	–	–	280,170	215,253	1,737,580	2,233,003
Average forward exchange rate (JPY/RMB)	–	–	–	0.0483	0.0478	0.0455	
Notional amount (in RMB'000)	1,136,450	–	10,830	–	1,868,857	350,540	3,366,677
Average forward exchange rate (EUR/RMB)	7.3344	–	7.9410	7.8625	7.8625	8.2480	
Notional amount (in RMB'000)	–	–	–	–	1,829,476	753,530	2,583,006
Average forward exchange rate (AED/RMB)	–	–	–	–	1.9333	1.9082	
Forward currency contracts							
Notional amount (in RMB'000)	1,067,705	970,385	1,385,285	841,956	–	–	4,265,331
Average forward exchange rate (USD/RMB)	7.1180	7.0000	6.9201	6.9060	–	–	
Notional amount (in RMB'000)	813	42,457	304,525	40,600	60,390	17,735	466,520
Average forward exchange rate (EUR/RMB)	8.4320	8.4258	8.3854	8.4195	8.4122	8.3954	
Notional amount (in RMB'000)	228,980	–	181,120	–	–	–	410,100
Average forward exchange rate (HKD/RMB)	0.9159	–	0.9056	–	–	–	
Notional amount (in RMB'000)	–	98,866	69,161	–	–	–	168,027
Average forward exchange rate (JPY/RMB)	–	0.0495	0.0485	–	–	–	
Interest rate swaps							
Notional amount (in RMB'000)	1,142,999	698,016	906,331	2,904,529	6,715,244	1,664,000	14,031,119
Average interest rate (%)	3.8212	3.3622	3.4906	3.4004	3.1552	2.9650	
Hedge rate	1	1	1	1	1	1	

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The Group holds the following cross-currency interest rate swap contracts, forward currency contracts and interest rate swaps: (continued)

	Maturity						
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	Total
As at 31 December 2024							
Cross-currency interest rate swap contracts							
Notional amount (in RMB'000)	2,240,900	–	118,904	102,805	3,609,471	8,825,434	14,897,514
Average forward exchange rate (USD/RMB)	7.1178	–	7.1200	6.5110	6.9504	7.1738	
Notional amount (in RMB'000)	746,408	4,204,887	–	3,884,264	6,615,290	5,679,978	21,130,827
Average forward exchange rate (HKD/RMB)	0.8150	0.8633	–	0.8901	0.9114	0.9186	
Notional amount (in RMB'000)	–	–	–	1,131,772	215,000	215,253	1,562,025
Average forward exchange rate (JPY/RMB)	–	–	–	0.0518	0.0500	0.0478	
Notional amount (in RMB'000)	–	365,344	11,660	–	1,152,501	1,868,856	3,398,361
Average forward exchange rate (EUR/RMB)	–	7.4560	7.9452	–	7.4860	7.8625	
Notional amount (in RMB'000)	–	–	–	–	–	1,070,754	1,070,754
Average forward exchange rate (AED/RMB)	–	–	–	–	–	1.3574	
Forward currency contracts							
Notional amount (in RMB'000)	180,787	–	990,096	359,310	–	–	1,530,193
Average forward exchange rate (USD/RMB)	7.1215	–	6.8283	7.1862	–	–	
Notional amount (in RMB'000)	–	–	–	97,296	–	–	97,296
Average forward exchange rate (HKD/RMB)	–	–	–	0.9282	–	–	
Notional amount (in RMB'000)	–	–	135,500	–	–	–	135,500
Average forward exchange rate (JPY/RMB)	–	–	0.0468	–	–	–	
Interest rate swaps							
Notional amount (in RMB'000)	630,000	3,010,720	944,106	3,118,980	11,284,965	6,429,906	25,418,677
Average interest rate (%)	3.7233	3.7115	3.7189	3.6241	3.4878	3.3404	
Hedge rate	1	1	1	1	1	1	

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	RMB'000	RMB'000		RMB'000
As at 31 December 2025				
Forward currency contracts	–	–	Derivative financial instruments (assets)	(259,736)
Forward currency contracts	5,309,978	(71,857)	Derivative financial instruments (liabilities)	(20,594)
Cross-currency interest rate swaps	5,772,687	320,419	Derivative financial instruments (assets)	(523,039)
Cross-currency interest rate swaps	43,901,581	(1,215,243)	Derivative financial instruments (liabilities)	(1,838,192)
Interest rate swap	992,000	189	Derivative financial instruments (assets)	(65,515)
Interest rate swap	13,039,119	(25,177)	Derivative financial Instruments (liabilities)	63,682

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The impacts of the hedging instruments on the statement of financial position are as follows: (continued)

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year
	RMB'000	RMB'000		RMB'000
As at 31 December 2024				
Forward currency contracts	1,762,989	241,699	Derivative financial instruments (assets)	238,144
Forward currency contracts	–	–	Derivative financial instruments (liabilities)	104
Cross-currency interest rate swaps	36,869,062	1,514,677	Derivative financial instruments (assets)	(172,337)
Cross-currency interest rate swaps	5,190,419	(210,999)	Derivative financial instruments (liabilities)	1,104,007
Interest rate swap	700,000	364	Derivative financial instruments (assets)	(20,713)
Interest rate swap	24,718,677	(90,592)	Derivative financial Instruments (liabilities)	(67,509)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The impacts of the hedged items on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year	**Cash flow hedge reserve**
	RMB'000	RMB'000
As at 31 December 2025		
Foreign currency bank loans amounting to RMB equivalent 54,636,092,000	**(2,643,394)**	**(726,698)**

	Change in fair value used for measuring hedge ineffectiveness for the year	Cash flow hedge reserve
	RMB'000	RMB'000
As at 31 December 2024		
Foreign currency bank loans amounting to RMB equivalent 45,757,534,000	1,081,696	390,081

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognised in other comprehensive income			Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from other comprehensive income to profit or loss			Line item (gross amount) in the statement of profit or loss
Year ended 31 December 2025	Gross amount	Tax effect	Total			Gross amount	Tax effect	Total	
	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000	
Forward currency contracts	(280,330)	7,102	(273,228)	–	N/A	34,453	(1,357)	33,096	Other expenses
Cross-currency interest rate swaps	(2,361,231)	(23,303)	(2,384,534)	–	N/A	1,428,383	31,559	1,459,942	Cost of sales/ other expenses
Interest rate swap	(1,833)	485	(1,348)	–	N/A	65,341	(16,048)	49,293	Cost of sales
Total	(2,643,394)	(15,716)	(2,659,110)	–	N/A	1,528,177	14,154	1,542,331	

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge under HKFRS 9 (continued)

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows: (continued)

	Total hedging gain/(loss) recognised in other comprehensive income			Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from other comprehensive income to profit or loss			Line item (gross amount) in the statement of profit or loss
Year ended 31 December 2024	Gross amount	Tax effect	Total			Gross amount	Tax effect	Total	
	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000	
Forward currency contracts	238,248	(275)	237,973	–	N/A	(30,570)	(141)	(30,711)	Other expenses
Cross-currency interest rate swaps	931,670	(6,225)	925,445	–	N/A	(370,174)	(20,216)	(390,390)	Cost of sales/other expenses
Interest rate swap	(88,222)	16,383	(71,839)	–	N/A	6,245	(1,749)	4,496	Cost of sales
Total	1,081,696	9,883	1,091,579	–	N/A	(394,499)	(22,106)	(416,605)	

Derivative financial instruments – transactions not qualifying as hedges:

As at 31 December 2025, all derivatives were designated for cash flow hedge purposes (31 December 2024: all derivatives were designated for cash flow hedge purposes).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Loans and accounts receivables due within 1 year	159,010,646	155,822,206
Loans and accounts receivables due after 1 year	114,508,897	104,826,511
Total	273,519,543	260,648,717

23a. Loans and accounts receivables by nature

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease receivables (Note 23b)*	277,746,503	261,125,053
Less: Unearned finance income	(24,604,747)	(21,872,832)
Net lease receivables (Note 23b)	253,141,756	239,252,221
Interest receivables*	2,014,905	2,154,424
Factoring receivable (Note 23g)	10,695,146	9,889,433
Entrusted loans (Note 23h)	970,860	981,927
Long-term receivables*	3,073,443	5,319,241
Secured loans	761,176	326,731
Subtotal of interest-earning assets (Note 23c)**	270,657,286	257,923,977
Less:		
Provision for lease receivables	(5,882,810)	(5,868,217)
Provision for factoring receivables	(315,122)	(251,774)
Provision for entrusted loans	(113,719)	(147,677)
Provision for long-term receivables	(26,566)	(52,129)
Provision for secured loans	(5,595)	(2,268)
Provision for interest-earning assets (Note 23d)**	(6,343,812)	(6,322,065)
Notes receivable, net	1,774,084	2,341,326
Accounts receivable (Note 23e)	9,028,378	8,342,915
Provision for accounts receivable (Note 23f)	(1,596,393)	(1,637,436)
Total of loans and accounts receivables	273,519,543	260,648,717

* These balances included balances with related parties which are disclosed in Note 23j.

** These balances are included in the interest-earning assets disclosed in Note 23c and Note 23d.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23b (1). An ageing analysis of lease receivables, determined based on the ageing of the receivables since the effective date of the relevant lease contracts, as at the end of the reporting period is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease receivables:		
Within 1 year	**187,281,763**	172,381,172
1 to 2 years	**67,461,775**	53,565,564
2 to 3 years	**13,941,307**	22,358,372
3 to 5 years	**9,061,658**	12,819,945
Total	**277,746,503**	261,125,053

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net lease receivables:		
Within 1 year	**168,865,808**	157,018,215
1 to 2 years	**62,853,623**	49,736,057
2 to 3 years	**13,176,600**	20,918,195
3 to 5 years	**8,245,725**	11,579,754
Total	**253,141,756**	239,252,221

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23b (2). The table below illustrates the gross and net amounts of lease receivables the Group expects to receive in the following five or more than five consecutive accounting years:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease receivables:		
Due within 1 year	**159,515,203**	155,786,228
Due in 1 to 2 years	**83,921,172**	76,441,292
Due in 2 to 3 years	**30,317,202**	25,905,631
Due in 3 to 5 years	**3,988,209**	2,933,997
Due after 5 years	**4,717**	57,905
Total	**277,746,503**	261,125,053

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net lease receivables:		
Due within 1 year	**143,073,773**	140,189,108
Due in 1 to 2 years	**77,521,247**	71,454,513
Due in 2 to 3 years	**28,731,755**	24,790,220
Due in 3 to 5 years	**3,810,290**	2,763,047
Due after 5 years	**4,691**	55,333
Total	**253,141,756**	239,252,221

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at the end of the reporting period.

As at 31 December 2025, the Group's lease receivables pledged or charged as security for the Group's bank and other borrowings amounted to RMB47,335,335,000 (31 December 2024: RMB41,932,759,000) (Note 32(a)).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23c. Analysis of interest-earning assets

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025				
Interest-earning assets	**257,438,680**	**10,428,784**	**2,789,822**	**270,657,286**
Allowance for impairment losses	**(2,821,466)**	**(1,958,364)**	**(1,563,982)**	**(6,343,812)**
Interest-earning assets, net	**254,617,214**	**8,470,420**	**1,225,840**	**264,313,474**

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024				
Interest-earning assets	243,368,193	11,765,664	2,790,120	257,923,977
Allowance for impairment losses	(2,243,025)	(2,212,423)	(1,866,617)	(6,322,065)
Interest-earning assets, net	241,125,168	9,553,241	923,503	251,601,912

23d. Movements in provision for interest-earning assets

The Group has applied the general approach to providing for expected credited losses ("ECLs") prescribed by HKFRS 9 from 1 January 2018, which permits the use of either a twelve-month basis or a lifetime basis to record expected credit losses based on an expected credit loss model for interest-earning assets.

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

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23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23d. Movements in provision for interest-earning assets (continued)

	2025			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III** (Lifetime ECL – impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	2,243,025	2,212,423	1,866,617	6,322,065
Impairment losses for the year	905,265*	77,693	(139,078)	843,880
Conversion to Stage I	13,804	(13,804)	–	–
Conversion to Stage II	(342,156)	390,572	(48,416)	–
Conversion to Stage III	–	(708,520)	708,520	–
Write-off	–	–	(1,405,460)	(1,405,460)
Recoveries of interest-earning assets previously written off	–	–	581,799	581,799
Exchange differences	1,528	–	–	1,528
At the end of the year	2,821,466	1,958,364	1,563,982	6,343,812

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23d. Movements in provision for interest-earning assets (continued)

	2024			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III** (Lifetime ECL – impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year	2,446,633	2,193,875	1,683,144	6,323,652
Impairment losses for the year	452,335*	598,330	(269,933)	780,732
Conversion to Stage I	234	(234)	–	–
Conversion to Stage II	(566,393)	566,915	(522)	–
Conversion to Stage III	–	(1,146,463)	1,146,463	–
Write-off	–	–	(1,136,350)	(1,136,350)
Reclassification of PPP Projects	(91,835)	–	–	(91,835)
Recoveries of interest-earning assets previously written off	–	–	443,815	443,815
Exchange differences	2,051	–	–	2,051
At the end of the year	2,243,025	2,212,423	1,866,617	6,322,065

* This includes a loss allowance of RMB2,543,543,000 (2024: RMB2,015,738,000) provided for newly originated interest-earning assets, and RMB1,638,278,000 (2024: RMB1,563,403,000) reversed as a result of repayment of existing interest-earning assets.

** The majority of the interest-earning assets are finance lease receivables, under which the lessor owns the related leased asset, so the finance leases are similar to secured lending. Among these interest-earning assets, 97% (31 December 2024: 97%) (in terms of carrying amount) of the credit-impaired assets falling in stage 3 in the table above are finance lease receivables, and hence, the related leased assets are owned by the Group. Such leased assets are similar to security and constitute the main source of collection of impaired assets.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23e. An aging analysis of accounts receivable as at the end of the reporting period is as follows:

Accounts receivable are non-interest-earning and are generally on 60-day terms, while the credit terms for major customers can be extended to 180 days.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	**5,639,786**	6,068,086
More than 1 year	**3,388,592**	2,274,829
Total	**9,028,378**	8,342,915

23f. Movement in provision for accounts receivable

	2025	2024
	RMB'000	RMB'000
At the beginning of the year	**1,637,436**	1,464,009
Charge for the year	**176,381**	274,463
Write-off	**(217,424)**	(101,036)
At the end of the year	**1,596,393**	1,637,436

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns.

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31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23f. Movement in provision for accounts receivable (continued)

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 31 December 2025

	Ageing				
	Within 1 year	**1-2 years**	**2-3 years**	**3-5 years**	**Total**
Gross carrying amount (RMB'000)	**5,639,786**	**2,057,673**	**811,552**	**519,367**	**9,028,378**
Expected credit loss (RMB'000)	**500,552**	**461,209**	**341,147**	**293,485**	**1,596,393**
Average expected credit loss rate	**8.88%**	**22.41%**	**42.04%**	**56.51%**	**17.68%**

As at 31 December 2024

	Ageing				
	Within 1 year	1-2 years	2-3 years	3-5 years	Total
Gross carrying amount (RMB'000)	6,068,086	1,450,990	527,430	296,409	8,342,915
Expected credit loss (RMB'000)	802,313	425,891	217,488	191,744	1,637,436
Average expected credit loss rate	13.22%	29.35%	41.24%	64.69%	19.63%

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23g. An aging analysis of factoring receivables as at the end of the reporting period is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	**8,006,601**	6,840,319
More than 1 year	**2,688,545**	3,049,114
Total	**10,695,146**	9,889,433

23h (1). An aging analysis of entrusted loans, determined based on the ageing of the receivables since the effective dates of the relevant loan contracts, as at the end of the reporting period, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Entrusted loans:		
Within 1 year	**200,003**	77,550
1 to 2 years	**42,988**	59,182
2 to 3 years	**34,854**	692,844
3 to 5 years	**674,902**	152,351
Over 5 years	**18,113**	–
Total	**970,860**	981,927

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23h (2). The table below illustrates the amounts of entrusted loans the Group expects to receive in the following five or more than five consecutive accounting years:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Entrusted loans:		
Due within 1 year	**368,674**	257,151
Due in 1 to 2 years	**597,849**	358,613
Due in 2 to 3 years	**4,337**	361,614
Due in 3 to 5 years	**–**	4,549
Total	**970,860**	981,927

23i. Long term receivables

As at 31 December 2025, the carrying value of long term receivables pledged or charged as collateral for the Group's borrowings amounted to RMB227,848,000 (31 December 2024: RMB186,261,000) (Note 32(b)).

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31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23j. Balances with related parties

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
Joint ventures:			
– Guangzhou Kangda Industrial Technology Co., Ltd.			
Long term receivables	(i)	190,920	150,000
Interest receivables		818	275
– Ziyang Yuyi Construction Investment Co., Ltd.			
Long-term receivables	(i)	92,654	88,000
Interest receivables		8,060	5,224
– Guixi Hongye Infrastructure Investment Co., Ltd.			
Long-term receivables	(i)	26,000	27,800
Interest receivables		56	143
– Chengdu Jinlanrui City Construction Development Co., Ltd.			
Long-term receivables	(i)	200,106	15,762
Interest receivables		12,807	1,382
– Guixi Hongyu Infrastructure Investment Co., Ltd.			
Long-term receivables	(i)	3,000	2,450
Interest receivables		6	34
– Hangzhou Hongkun City Development And Construction Co., Ltd.			
Long-term receivables	(i)	–	100,632
Interest receivables		–	551
– Deyang Hongbo Construction Investment Co., Ltd.			
Long-term receivables	(i)	10,640	–
Interest receivables		84	–
– Wuhan Hongye Construction Development Co., Ltd.			
Long-term receivables	(i)	28,000	–
Interest receivables		–	–
– Suzhou Hongcheng City Development Co., Ltd.			
Long-term receivables	(i)	5,355	–
Interest receivables		15	–

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. LOANS AND ACCOUNTS RECEIVABLES (continued)

23j. Balances with related parties (continued)

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
– Suzhou Hongteng City Construction Development Co., Ltd.			
Long-term receivables	(i)	**40,318**	–
Interest receivables		**152**	–
– Hangzhou Hongqian City Development Construction Co., Ltd.			
Long-term receivables	(i)	**219,324**	–
Interest receivables		**3,078**	–
– Beijing Xingzhu Real Estate Development Co., Ltd.			
Long-term receivables	(i)	**70,000**	–
Interest receivables		**1,166**	–
– Hangzhou Hongchen City Construction Development Co., Ltd.			
Long-term receivables	(i)	**53,533**	–
Interest receivables		**607**	–
– Hangzhou Jiehan City Development and Construction Co., Ltd.			
Long-term receivables	(i)	**76,256**	–
Interest receivables		**438**	–
– Shanghai Jielang Enterprise Management Co., Ltd.			
Long-term receivables	(i)	**8**	–
Interest receivables		**–**	–
Associates:			
– Hangzhou Guoya Stomatological Hospital Co., Ltd.			
Lease receivables	(ii)	**–**	294
Interest receivables		**–**	2
Provision		**(8,915)**	(3,268)
		1,034,486	389,281

(i) Balances of long-term receivables were interest-earning at annual interest rate ranging from 3% to 8% (31 December 2024: 3.45% to 8%).

(ii) Balances of lease receivables as at 31 December 2024 were interest bearing at an annual interest rate of 9.35%.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Current assets:			
Prepayments		**588,667**	941,571
Leased assets*		**680**	4,257
Rental and project deposits		**246,277**	479,901
Other receivables		**838,360**	1,063,368
Input VAT		**1,662,944**	1,792,878
Dividend receivables		**32,410**	24,939
Subordinated tranches of asset-backed securities/notes (Note 49)		**–**	4,063
Continuing involvement in transferred assets (Note 49)		**–**	4,063
Due from related parties	24a	**86,367**	67,248
Other current asset		**82,520**	83,958
Impairment allowance		**(133,094)**	(202,066)
Subtotal		**3,405,131**	4,264,180
Non-current assets:			
Rental and project deposits due after 1 year		**237,080**	325,766
Subordinated tranches of asset-backed securities/notes (Note 49)		**–**	136,177
Continuing involvement in transferred assets (Note 49)		**–**	136,177
Long-term other receivables		**4,509**	47,500
Repossessed assets		**422,466**	522,057
Others		**122,533**	110,992
Impairment allowance		**(183)**	(107,629)
Subtotal		**786,405**	1,171,040
Total		**4,191,536**	5,435,220

NOTES TO FINANCIAL STATEMENTS

31 December 2025

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

* The leased assets arise from the situations where the Group had already made payments to vendors or suppliers of machinery and equipment, but the terms of the lease contracts of the said machinery and equipment have not commenced. The Group records these paid amounts under leased assets among its current assets as such assets had already been earmarked for leases to customers. Once the terms of a lease contract commence, the Group ceases to recognise the amount relating to the leased assets and recognises the lease receivables due under the lease contract.

24a. BALANCES WITH RELATED PARTIES

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
Joint ventures:			
Wuhan Hongye Construction Development Co., Ltd.	(i)	44,050	35,500
Deyang Hongbo Construction Investment Co., Ltd.	(i)	14,321	13,150
Guangzhou Kangda Industrial Technology Co., Ltd.	(i)	12,000	12,000
Chengdu Hongmin City Construction Development Co., Ltd.	(i)	9,257	–
Yantai Yuanxin Zhongda Investment Co., Ltd.	(i)	2,156	2,156
Hangzhou Hongkun City Development And Construction Co., Ltd.	(i)	1,184	592
Fengyang Qianmen Hospital Co., Ltd.	(i)	565	565
Associates:			
Shanghai Yijia Construction Development Co., Ltd.	(i)	2,834	3,285
Total		86,367	67,248

(i) Balances with related parties were unsecured and non-interest-earning.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

25. CONTRACT ASSETS

	31 December 2025	31 December 2024	1 January 2024
	RMB'000	RMB'000	RMB'000
Contract assets arising from construction services	729,298	829,364	428,947
Impairment	(69,035)	(75,516)	(45,084)
Net carrying amount	660,263	753,848	383,863

Contract assets are initially recognised for revenue earned from engineering and technical services as the receipt of consideration depends on the milestone achieved and accepted by the customer. Included in contract assets for engineering and technical services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The movements in the credit losses for contract assets are as follows:

	2025	2024
	RMB'000	RMB'000
At the beginning of the year	75,516	45,084
Impairment losses	(6,481)	30,432
At the end of the year	69,035	75,516

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax assets

	Fee income received in advance	Government special subsidy	Share-based payments	Allowances for impairment losses	Salary and welfare payable	Losses available for offsetting against future taxable profits	Cash flow hedge	Lease	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2025	222,010	1,021,195	89,152	3,042,627	1,331,750	366,799	16,916	106,588	2,690	6,199,727
(Charged)/credited to the statement of profit or loss during the year	(79,170)	74,560	(10,217)	270,058	(107,266)	91,684	–	(27,099)	(2,313)	210,237
Charged to reserve	–	–	–	–	–	–	(1,562)	–	–	(1,562)
Exchange differences	–	–	–	(75)	–	(18)	–	–	–	(93)
Gross deferred tax assets at 31 December 2025	142,840	1,095,755	78,935	3,312,610	1,224,484	458,465	15,354	79,489	377	6,408,309

	Fee income received in advance	Government special subsidy	Share-based payments	Allowances for impairment losses	Salary and welfare payable	Losses available for offsetting against future taxable profits	Cash flow hedge	Lease	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2024	389,874	1,104,403	97,301	2,919,028	1,213,776	182,031	29,139	138,615	144,508	6,218,675
(Charged)/credited to the statement of profit or loss during the year	(167,864)	(83,208)	(8,149)	123,486	117,974	184,696	–	(32,027)	(141,818)	(6,910)
Charged to reserve	–	–	–	–	–	–	(12,223)	–	–	(12,223)
Exchange differences	–	–	–	113	–	72	–	–	–	185
Gross deferred tax assets at 31 December 2024	222,010	1,021,195	89,152	3,042,627	1,331,750	366,799	16,916	106,588	2,690	6,199,727

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. DEFERRED TAX (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

Deferred tax liabilities

	Asset revaluation	Fair value adjustments arising from financial assets at fair value through profit or loss	Withholding income tax	Lease	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2025	120,505	121,084	563,151	136,365	33,891	974,996
(Credited)/charged to the statement of profit or loss during the year	(9,622)	59,996	456,359	(28,608)	23,586	501,711
Acquisition of subsidiaries during the year	–	–	–	–	27,306	27,306
Gross deferred tax liabilities at 31 December 2025	110,883	181,080	1,019,510	107,757	84,783	1,504,013

	Asset revaluation	Fair value adjustments arising from financial assets at fair value through profit or loss	Withholding income tax	Lease	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2024	128,000	148,340	544,413	166,322	40,200	1,027,275
(Credited)/charged to the statement of profit or loss during the year	(8,443)	(27,256)	18,738	(29,957)	(6,309)	(53,227)
Acquisition of subsidiaries during the year	948	–	–	–	–	948
Gross deferred tax liabilities at 31 December 2024	120,505	121,084	563,151	136,365	33,891	974,996

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. DEFERRED TAX (continued)

For the purpose of the presentation of the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**6,232,591**	6,051,263
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,328,295**	826,532

As at 31 December 2025, the Group had tax losses arising in Hong Kong of RMB84,105,000 (31 December 2024: RMB84,212,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, and tax losses arising in the Chinese mainland of RMB1,744,116,000 (31 December 2024: RMB1,377,379,000) that will expire in one to five years for offsetting against future taxable profits. The Group has recognised deferred tax assets in respect of the tax losses mentioned above. Aside from this, as at 31 December 2025, the Group did not recognise deferred tax assets arising in the Chinese mainland and Hong Kong in respect of unutilised tax losses of RMB5,015,419,000 (31 December 2024: RMB3,783,756,000) and RMB2,441,835,000 (31 December 2024: RMB2,184,959,000), respectively, due to uncertainty in their recoverability.

Pursuant to the previous resolutions of the Company, part of the Chinese mainland subsidiaries' profits of prior years will be retained by the Chinese mainland subsidiaries for the use in future operations or investments. In the opinion of the directors, it is probable that the temporary differences relating to the profits that are not expected to be distributed will not reverse in the foreseeable future. During the year ended 31 December 2025, the Group charged withholding taxes of RMB456,359,000 (2024: RMB18,738,000). As at 31 December 2025, the aggregate amount of unrecognised deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB1,325,646,000 (31 December 2024: RMB1,820,964,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and bank balances	**22,619,137**	20,836,922
Time deposits	**9,195,415**	9,658,115
Subtotal	**31,814,552**	30,495,037
Less:		
Time deposits with original maturity date over 3 months	**–**	50,000
Pledged deposits	**10,427,542**	10,494,845
Restricted bank deposits related to asset securitisations	**11,841**	163,671
Cash and cash equivalents	**21,375,169**	19,786,521

At the end of the reporting period, the cash and cash equivalents and restricted deposits of the Group denominated in RMB amounted to RMB31,488,123,000 (31 December 2024: RMB28,960,380,000). RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at 31 December 2025, cash of RMB10,177,069,000 (31 December 2024: RMB10,349,525,000) was pledged for bank and other borrowings.

As at 31 December 2025, cash of RMB250,473,000 (31 December 2024: RMB145,320,000) was pledged for bank acceptances, letters of credit and others.

As at 31 December 2024, cash of RMB50,000,000 represented a restricted time deposit without pledge or any other encumbrances. As at 31 December 2025, there was no such balance.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

28. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Finished goods	**267,650**	249,149
Work in process	**20,011**	38,420
Raw materials	**310,065**	189,183
	597,726	476,752

29. ASSETS DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Carrying amount of the assets classified as held for sale	**582,611**	571,000
Assets:		
Investment in associates	**503,351**	571,000
Investment in a subsidiary	**79,260**	–
	582,611	571,000

The Group sold 10.01% equity of a local state-owned associate, and 100% equity of a subsidiary in 2025. As at 31 December 2025, due to the incomplete fulfilment of certain clauses in the contract, the Group classified these assets as held for sale. As at the reporting date, the Group had completed the disposal of the above-mentioned held-for-sale assets.

NOTES TO FINANCIAL STATEMENTS

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30. TRADE AND BILLS PAYABLES

		As at 31 December	
		2025	2024
	Note	RMB'000	RMB'000
Current:			
Bills payable		**1,006,058**	2,345,380
Trade payables		**6,758,246**	5,520,187
Due to related parties	30a	**7,116**	52
		7,771,420	7,865,619

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	**7,499,083**	7,052,759
1 to 2 years	**178,463**	499,323
2 to 3 years	**39,370**	192,082
3 years and beyond	**54,504**	121,455
	7,771,420	7,865,619

30a. BALANCES WITH RELATED PARTIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Due to related parties:		
Joint ventures:		
Grand Flight Investment Management Co., Ltd.	**6,667**	–
Associates:		
Shanghai Yijia Construction Development Co., Ltd.	**449**	52
	7,116	52

The trade payables are non-interest-bearing and are repayable within the normal operating cycle or on demand.

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31. OTHER PAYABLES AND ACCRUALS

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
Current:			
Lease deposits, entrusted loan deposits and factoring deposits due within one year		4,047,127	4,325,510
Salary payables		2,170,643	2,391,331
Welfare payables		127,910	144,273
Advances from customers		1,089,771	1,239,760
Due to related parties	31a	186,646	67,699
Contract liabilities	31b	219,706	229,622
Other taxes payable		857,520	813,637
Interest payable		1,546,491	1,654,430
Funds collected on behalf of special purpose entities in relation to asset-backed securitisations		9,773	–
Provision for credit commitments		26,804	52,539
Other payables		2,388,820	1,802,131
Dividend payables		1,683	9,424
Continuing involvement in transferred assets		–	4,063
		12,672,894	12,734,419
Non-current:			
Lease deposits, entrusted loan deposits and factoring deposits due after one year		14,759,635	11,231,099
Contract liabilities	31b	327,004	558,111
Other payables		4,298	4,298
		15,090,937	11,793,508
		27,763,831	24,527,927

As at 31 December 2025, the Group accrued in expense of wages and salaries of USD200,000,000 (31 December 2024: USD100,000,000) for the bonuses to be paid to the 2022 Trust Schemes (Note 7) in Hong Kong, which was accounted for as salary payables.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. OTHER PAYABLES AND ACCRUALS (continued)

31a. BALANCES WITH RELATED PARTIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Joint ventures:		
Grand Flight Investment Management Co., Ltd.	**71,701**	60,731
Chengdu Jinlanrui City Construction Development Co., Ltd.	**55,330**	–
Chengdu Huachuang Yixingao Property Development Co., Ltd.	**34,747**	–
Ziyang Yuyi Construction Investment Co., Ltd.	**17,000**	–
Tianjin Shuishi Enterprise Management Co., Ltd.	**4,937**	3,997
Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd.	**2,663**	2,623
Fengyang Qianmen Hospital Co., Ltd.	**268**	268
Guangzhou Yimei Tiancheng Decoration Engineering Co., Ltd.	**–**	50
Guangzhou Kangda Industrial Technology Co., Ltd.	**–**	30
	186,646	67,699

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. OTHER PAYABLES AND ACCRUALS (continued)

31a. BALANCES WITH RELATED PARTIES (continued)

Except for the amounts due to Grand Flight Investment Management Co., Ltd., Tianjin Shuishi Enterprise Management Co., Ltd., Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd., Fengyang Qianmen Hospital Co., Ltd., and Guangzhou Yimei Tiancheng Decoration Engineering Co., Ltd., which bear interest at an interest rate of 1.485% (31 December 2024: 1.485%) per annum, and Ziyang Yuyi Construction Investment Co., Ltd., which bears interest at an interest rate of 5.15%, amounts due to other related parties are unsecured and non-interest-bearing.

31b. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2025	31 December 2024	1 January 2024
	RMB'000	RMB'000	RMB'000
Contract liabilities			
Short-term:			
– Sale of goods	22,817	42,315	19,695
– Service fee	196,889	187,307	289,706
Long-term:			
– Service fee	327,004	558,111	548,897
Total contract liabilities	546,710	787,733	858,298

Contract liabilities include advances received to deliver goods and services. The decrease in contract liabilities in 2025 and 2024 was mainly due to the decrease in advances received from customers in relation to the provision of services at the end of the year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities (Note 14(b))	3.45~3.65	2026	337,992	3.64~4.90	2025	277,212
Bank loans – secured	1.40~3.50	2026	321,707	3.45~4.50	2025	63,570
Current portion of long term bank loans – secured	1.90~4.00	2026	10,503,670	3.10~5.40	2025	5,754,196
Bank loans – unsecured	1.08~4.93	2026	15,970,811	2.35~7.08	2025	19,089,020
Current portion of long term bank loans – unsecured	2.05~7.12	2026	49,531,168	0.80~7.12	2025	58,403,121
Other loans – secured	2.75~5.37	2026	4,510,448	3.08~5.37	2025	4,101,635
Other loans – unsecured	2.42~6.00	2026	5,850,330	4.10~5.80	2025	5,849,191
Bonds – secured	2.88~4.41	2026	20,014,616	2.28~5.93	2025	23,203,503
Bonds – unsecured	1.50~5.50	2026	27,405,141	1.90~5.50	2025	27,035,221
Subtotal – current			134,445,883			143,776,669
Convertible bonds – host debts (Note 33)	3.21	2026	3,047	3.21~4.45	2025	2,066,423
Total – current			134,448,930			145,843,092
Non-current						
Lease liabilities (Note 14(b))	3.10~4.30	2027~2039	556,151	3.64~4.90	2026~2046	717,257
Bank loans – secured	1.90~4.50	2027~2042	17,141,062	3.20~5.40	2026~2045	8,215,659
Bank loans – unsecured	1.48~5.27	2027~2032	77,752,131	2.00~7.12	2026~2031	65,403,946
Other loans – secured	2.75~5.37	2027~2030	9,031,488	3.08~5.37	2026~2030	13,066,882
Other loans – unsecured	3.15	2027	817,406	4.38~5.15	2026~2027	5,305,698
Bonds – secured	2.88~3.82	2027	3,465,084	2.28~5.76	2026~2027	3,881,906
Bonds – unsecured	1.90~6.63	2027~2028	24,601,558	1.90~6.63	2026~2027	23,471,799
Subtotal – non-current			133,364,880			120,063,147
Convertible bonds – host debts (Note 33)	–	–	–	3.21~4.45	2026	6,413
Total – non-current			133,364,880			120,069,560
Total			267,813,810			265,912,652

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
HKD	**20,880,381**	27,046,113
RMB	**207,367,236**	210,129,966
USD	**30,358,750**	22,038,543
EUR	**4,060,124**	3,366,658
Other	**5,147,319**	3,331,372
Total	**267,813,810**	265,912,652

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Fixed interest rate	**124,246,651**	155,100,448
Variable interest rate	**143,567,159**	110,812,204
Total	**267,813,810**	265,912,652

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**76,320,501**	83,309,907
In the second year	**52,064,731**	40,051,217
In the third to fifth years, inclusive	**39,228,512**	29,873,449
Beyond five years	**3,599,951**	3,694,938
Subtotal	**171,213,695**	156,929,511
Other borrowings repayable:		
Within one year or on demand	**58,128,428**	62,533,185
In the second year	**22,482,169**	26,816,510
In the third to fifth years, inclusive	**15,956,419**	19,488,348
Beyond five years	**33,099**	145,098
Subtotal	**96,600,115**	108,983,141
Total	**267,813,810**	265,912,652

(a) As at 31 December 2025, the Group's bank and other borrowings were secured by the pledge of or the transfer of certain of the Group's lease receivables amounting to RMB45,716,051,000 (31 December 2024: RMB32,459,434,000).

(b) As at 31 December 2025, the Group's bank and other borrowings secured by the pledge of the Group's long-term receivables and financial assets at fair value through profit or loss amounted to RMB4,885,455,000 (31 December 2024: RMB5,392,687,000).

(c) As at 31 December 2025, the Group's bank borrowings amounting to RMB8,361,199,000 (31 December 2024: RMB8,790,800,000) were secured by the pledge of bank deposits.

(d) As at 31 December 2025, the Group's bank and other borrowings, secured by the Group's leasehold land, and property, plant and equipment, amounted to RMB6,025,370,000 (31 December 2024: RMB7,928,170,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

33. CONVERTIBLE BONDS

On 8 July 2020, Universe Trek Limited (the "Issuer"), a wholly-owned subsidiary of the Company issued 2.5 percent guaranteed convertible bonds with a nominal value of USD300,000,000 (the "300 million 2.5 percent Bonds"). The 300 million 2.5 percent Bonds will be unconditionally and irrevocably guaranteed by the Company. The 300 million 2.5 percent Bonds are convertible at the option of the bondholders into ordinary shares of the Company with the initial conversion price of HKD8.33 per share at any time on or after 18 August 2020 and up to the close of business on the date falling ten days prior to 8 July 2025. The number of shares issuable upon conversion of any bond shall be determined by dividing the principal amount of the bond to be converted, translated into Hong Kong dollars at the fixed rate of HKD7.7503 = USD1.00 by the conversion price in effect on the relevant conversion date. According to the notice issued by certain bondholders in early June 2023, USD10 million out of the 300 million 2.5 percent Bonds were redeemed on 8 July 2023 by the Issuer at 100.00 percent of their principal amount together with interest accrued but not paid. During the year 2025, the remaining convertible bonds of USD290 million were converted into ordinary shares of the Company at the latest conversion price of HKD5.19 per share.

On 15 June 2021, Universe Trek Limited issued zero coupon guaranteed convertible bonds with a nominal value of USD250,000,000 (the "250 million Zero Coupon Bonds"). The 250 million Zero Coupon Bonds will be unconditionally and irrevocably guaranteed by the Company. The 250 million Zero Coupon Bonds are convertible at the option of the bondholders into ordinary shares of the Company with the initial conversion price of HKD10.20 per share at any time on or after 26 July 2021 and up to the close of business on the date falling ten days prior to 15 June 2026. The number of shares issuable upon conversion of any bond shall be determined by dividing the principal amount of the bond to be converted, translated into Hong Kong dollars at the fixed rate of HKD7.7614 = USD1.00 by the conversion price in effect on the relevant conversion date. The conversion price has been gradually adjusted to HKD6.48 per share, taking effect from 24 September 2025, subject to the declaration and payment of interim and annual dividends and special dividends by the Company. On 15 June 2024, USD249.1 million of the 250 million Zero Coupon Bonds were redeemed by the Company in accordance with the terms and conditions. On 9 July 2025, USD500,000 of the 250 million Zero Coupon Bonds were converted into ordinary shares of the Company. As at 31 December 2025, the outstanding principal amount of the 250 million Zero Coupon Bonds was USD400,000.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

33. CONVERTIBLE BONDS (continued)

The changes in liability of convertible bonds during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Liability component at 1 January	2,072,836	3,806,952
Interest expense	16,014	116,115
Interest paid	(26,124)	(51,587)
Exchange realignment	21,964	38,157
Converted into ordinary shares	(2,081,643)	–
Redeemed	–	(1,836,801)
Liability component at 31 December (Note 32)	3,047	2,072,836

34. DEFERRED REVENUE

	Government special subsidies	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	498,877	911,238
Additions during the year	745,118	742,580
Amortised to the statement of profit or loss	(409,190)	(1,154,941)
At the end of the year	834,805	498,877

(i) Government special subsidies

For the year ended 31 December 2025, the Group received a government special subsidy of RMB135,000,000 (2024: RMB201,000,000), which was mainly granted in accordance with the policies on the Shanghai Pudong New Area government financial subsidy and the financial support funds for economic development. In addition, the Group also received a government special subsidy of RMB527,900,000 (2024: RMB456,090,000) due to policies to support the finance lease industry of the Tianjin Dongjiang bonded port area. In addition, the Group received a government special subsidy of RMB43,300,000 (2024: RMB40,960,000) due to policies of Putuo District to upgrade and develop the industry support fund of enterprises. Those special subsidies are granted for certain purposes only. The amortisation of those special subsidies reduced the expense to which it related or reduced the amortisation charges of the related assets.

The government grants received have been amortised to the expenses to which they related. Government grants released as a deduction of wages and salaries expenses for the year ended 31 December 2025 (Note 7) was RMB383,392,000 (2024: RMB1,148,517,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

35. SHARE CAPITAL

	Number of shares	Amounts
		HKD
Issued and fully paid ordinary shares:		
At 31 December 2024 (Note (i))	4,320,075,666	16,468,528,000
At 31 December 2025 (Note (i))	**4,799,473,830**	**19,267,004,000**

Note:

(i) The Company purchased its own shares through a trust under a share award scheme (Note 37), which were presented as shares held for the share award scheme.

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Equivalent share capital
		HKD'000	RMB'000
At 1 January 2025 and 31 December 2024	4,320,075,666	16,468,528	13,098,930
Share options exercised (Note (ii))	45,757,886	347,316	314,520
Convertible Bonds converted to shares	433,640,278	2,451,160	2,226,325
As at 31 December 2025	**4,799,473,830**	**19,267,004**	**15,639,775**

Note:

(ii) The subscription rights attaching to 3,810,959, 5,679,216, 3,217,587, 2,440,573, 7,236,746, 9,688,243, 9,542,469 and 4,142,093 share options were exercised at the subscription prices of HKD5.714, HKD6.820, HKD7.360, HKD7.618, HKD6.700, HKD6.378, HKD5.580 and HKD5.390 per share, respectively (Note 36), resulting in the issue of 45,757,886 shares for a total cash consideration, after expenses, of HKD288,632,000. An amount of HKD58,684,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. SHARE OPTION SCHEME

Pursuant to a resolution in writing passed on 7 July 2014 by the shareholders of the Company, a share option scheme (the "2014 Share Option Scheme") has been adopted by the Company.

The Company operates the share option scheme for the purpose of providing incentives and rewards to eligible participants and certain qualified participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include senior and middle management personnel, as well as other key employees of the Company or any subsidiary (the "Grantees"). The total number of new shares in respect of which options may be granted under the 2014 Share Option Scheme shall not exceed 4% of the Company's issued share capital as at the date of approval of the share option scheme by the shareholders at the General Meeting, which is 131,696,000 shares.

Since the total share options under the 2014 Share Option Scheme have been fully granted, the Company adopted a new share option scheme (the "2019 Share Option Scheme") which was approved by the shareholders at the annual general meeting on 5 June 2019. The total number of new shares in respect of which the share options may be granted under the 2019 Share Option Scheme shall not exceed 4% of the Company's issued shares as at the date of approval of the share option scheme by the shareholders, which is 158,167,904 shares.

Since the total share options under the 2019 Share Option Scheme have been fully granted, on 5 June 2024, a resolution of the General Meeting of Shareholders was passed to approve and adopt a new share option scheme (the "2024 Share Option Scheme"), with an authorisation limit of 4% on the date of shareholders' approval, which is 172,770,846 shares.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HKD1 in total by the Grantees subject to any early termination, and the share option scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme is approved by the shareholders of the Company. The vesting of the share options is mainly subject to fulfilment of the Company's performance targets, the Grantees remaining at all times after the offer date and on each vesting date as an employee of the Group, as well as the Grantees achieving a specified level in annual personal performance evaluations.

The exercise price in respect of any option shall be such price as determined by the Board or the Administration Committee of the share option schemes and notified to the Grantees and which shall not be less than the higher of: (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotation sheet on the offer date; and (ii) the average of the closing prices of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date. The exercise price under the share option schemes will vary with the changes of the shares of the Company or other similar factors.

On 13 August 2025, the Board announced that, the Company has resolved to make an offer to grant share options to the Grantees under the 2024 Share Option Scheme to subscribe for a total of 172,770,846 ordinary shares in the capital of the Company. As at 31 December 2025, under the 2024 Share Option Scheme, share options have been granted twice.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. SHARE OPTION SCHEME (continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price* per share option	Number of share options	
	HKD	**2025**	2024
3 July 2025	7.170	**–**	6,707,643
15 June 2026	5.714	**5,158,774**	8,971,043
20 June 2027	6.820	**7,574,805**	13,364,133
18 July 2028	7.360	**11,000,435**	14,386,863
19 July 2029	7.618	**11,131,732**	13,831,700
23 July 2030	6.700	**11,068,054**	18,919,566
26 July 2031	8.400	**27,352,532**	28,237,210
27 July 2032	6.378	**19,920,607**	31,276,865
10 August 2033	5.580	**21,412,061**	32,420,824
12 August 2034	5.390	**29,317,651**	34,521,086
13 August 2035	7.530	**34,521,086**	–
Total		**178,457,737**	202,636,933

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. SHARE OPTION SCHEME (continued)

* Movements in the number of the Share Options outstanding and their related weighted average exercise prices granted under the Share Option Scheme and the New Share Option Scheme during the year are as follows:

Exercise price per share option (HKD)	Date of grant	Outstanding as at 1 January 2025	Granted during the year ended 31 December 2025	Forfeited during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Outstanding as at 31 December 2025	Including: exercisable as at 31 December 2025
7.170	3 July 2015	6,707,643	–	(6,707,643)	–	–	–
5.714	15 June 2016	8,971,043	–	(1,310)	(3,810,959)	5,158,774	5,158,774
6.820	20 June 2017	13,364,133	–	(110,112)	(5,679,216)	7,574,805	7,574,805
7.360	18 July 2018	14,386,863	–	(168,841)	(3,217,587)	11,000,435	11,000,435
7.618	19 July 2019	13,831,700	–	(259,395)	(2,440,573)	11,131,732	11,131,732
6.700	23 July 2020	18,919,566	–	(614,766)	(7,236,746)	11,068,054	11,068,054
8.400	26 July 2021	28,237,210	–	(884,678)	–	27,352,532	27,352,532
6.378	27 July 2022	31,276,865	–	(1,668,015)	(9,688,243)	19,920,607	19,920,607
5.580	10 August 2023	32,420,824	–	(1,466,294)	(9,542,469)	21,412,061	10,748,910
5.390	12 August 2024	34,521,086	–	(1,061,342)	(4,142,093)	29,317,651	6,715,980
7.530	13 August 2025	–	34,521,086	–	–	34,521,086	–
Total number		202,636,933	34,521,086	(12,942,396)	(45,757,886)	178,457,737	110,671,829
Weighted average exercise price (HKD)		6.57	7.53	6.81	6.31	6.81	

NOTES TO FINANCIAL STATEMENTS

31 December 2025

36. SHARE OPTION SCHEME (continued)

Exercise price per share option (HKD)	Date of grant	Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Forfeited during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Outstanding as at 31 December 2024	Including: exercisable as at 31 December 2024
5.860	11 July 2014	3,754,917	–	(249,156)	(3,505,761)	–	–
7.170	3 July 2015	6,766,191	–	(58,548)	–	6,707,643	6,707,643
5.714	15 June 2016	10,144,924	–	(1,006)	(1,172,875)	8,971,043	8,971,043
6.820	20 June 2017	13,615,518	–	(251,385)	–	13,364,133	13,364,133
7.360	18 July 2018	14,677,085	–	(290,222)	–	14,386,863	14,386,863
7.618	19 July 2019	14,092,782	–	(261,082)	–	13,831,700	13,831,700
6.700	23 July 2020	19,456,862	–	(537,296)	–	18,919,566	18,919,566
8.400	26 July 2021	30,419,802	–	(2,182,592)	–	28,237,210	28,237,210
6.378	27 July 2022	33,199,369	–	(1,829,853)	(92,651)	31,276,865	20,683,320
5.580	10 August 2023	33,847,930	–	(1,258,593)	(168,513)	32,420,824	10,544,764
5.390	12 August 2024	–	34,521,086	–	–	34,521,086	–
Total number		179,975,380	34,521,086	(6,919,733)	(4,939,800)	202,636,933	135,646,242
Weighted average exercise price (HKD)		6.80	5.39	6.99	5.83	6.57	

The fair value (measured as at the grant dates) of the Share Options that were outstanding as at 31 December 2025 was RMB208,747,000 (31 December 2024: RMB236,313,000). The weighted average fair values were RMB1.06, RMB1.16, RMB1.27 and RMB1.60 per option for each of the four tranches with one-year, two-year, three-year and four-year (31 December 2024: The weighted average fair values were RMB1.04, RMB1.17, RMB1.18 and RMB1.60 per option for each of the four tranches with one-year, two-year, three-year and four-year) vesting periods, respectively. The Group recognised a share option expense of RMB24,368,000 (2024: RMB24,880,000) during the year ended 31 December 2025 in employee benefit expense.

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36. SHARE OPTION SCHEME (continued)

The fair values of the Share Options were estimated as at their respective dates of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the main inputs to the model used:

	2025	2024
Expected dividend yield (%)	7.30	9.28
Expected volatility (%)	29.37	30.52
Risk-free interest rate (%)	3.00	3.11
Validity period of the share options (year)	10	10
Share price (HKD per share)	7.53	5.39
Expected exercise trigger multiple	2.00	2.00

Estimation of the value of the share options is subjective and uncertain as such values are subject to a number of assumptions and the limitation of the model. The expected volatility is based on the historical volatility reflecting the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected exercise trigger multiple is also estimated and is not necessarily indicative of the exercise patterns that may occur.

All significant features necessary to be considered for the measurement of fair values of the share options granted in the year were incorporated into such measurement.

At 31 December 2025, the Company had 67,785,908 (31 December 2024: 66,990,691) non-vested share options (including 18,121,042 (31 December 2024: 17,656,567) non-vested share options granted to certain executive directors, 23,400,042 (31 December 2024: 22,940,366) non-vested share options granted to certain employees among the five highest paid employees and 26,193,598 (31 December 2024: 25,729,130) non-vested share options granted to certain key management personnel) outstanding under Share Option Scheme and the New Share Option Scheme. Should all of them be vested, the exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 67,785,908 (31 December 2024: 66,990,691) additional ordinary shares of the Company.

At the date of approval of these financial statements, the Company had 178,457,737 (2024: 202,636,933) share options outstanding under the share option schemes, which represented approximately 3.72% (2024: 4.69%) of the Company's shares in issue as at that date.

On 12 March 2024, the Board of Horizon Construction Development Limited ("HCD") approved the adoption of a share option scheme, which was subsequently ratified by the HCD's shareholders during the annual general meeting held on 4 June 2024. The total number of new shares in respect of which options may be granted under the share option scheme shall not exceed 1.5% of HCD's issued share capital as at the date of approval of the share option scheme by the shareholders, which is 47,958,660 shares. HCD recognised a share option expense of RMB1,850,000 during the year ended 31 December 2025 in employee benefit expense (2024: RMB2,409,000).

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37. RESTRICTED SHARE AWARD SCHEME

On 11 June 2014, the Board announced that it has adopted a share award scheme (the "2014 Share Award Scheme"), under which some restricted shares (the "Restricted Shares") will be held on trust for the relevant selected grantees (the "Selected Grantees") until such Restricted Shares are vested with the relevant Selected Grantees in accordance with the rules of the Share Award Scheme. The number of Restricted Shares under the 2014 Share Award Scheme shall not exceed 197,544,000, representing 6% of the Company's issued share capital as at the date of approval of the 2014 Share Award Scheme by the Board. The Share Award Scheme shall be effective from its adoption until it is terminated by the Board or shareholders in a general meeting.

Pursuant to the rules of the 2014 Share Award Scheme, the Company has set up a trust, and a third party company acts as the trustee (the "Trustee"). The Company's shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the Selected Grantees until such shares are vested with the Selected Grantees in accordance with the provisions of the Share Award Scheme.

Since the number of the Restricted Shares administered by the Trustee has reached the maximum limit as stipulated in the 2014 Share Award Scheme, the Board has resolved on 20 March 2019 to make certain amendments to the 2014 Share Award Scheme ("2019 Share Award Scheme"). The Board resolved to refresh the maximum limit of the Shares as Restricted Shares under the 2014 Share Award Scheme to the sum of the following numbers of the Shares: (a) 6% of the total number of issued shares as at the date of approval of the 2014 Share Award Scheme by the Board on 11 June 2014, being 197,544,000 shares; and (b) 6% of the total number of issued shares as at the date of approval of the amendments to the 2014 Share Award Scheme by the Board on 20 March 2019, being 237,251,856 shares.

Since the Restricted Shares under the 2019 Share Award Scheme have been fully granted, on 13 March 2024, the Board passed a resolution to approve and adopt a new share award scheme ("2024 Share Award Scheme), with a limit of 6% on the date of Board's approval, which is 258,908,151 shares.

The vesting of the Restricted Shares under the share award schemes is mainly subject to the fulfilment of the Company's performance targets, Selected Grantees remaining as an employee of the Group, as well as Selected Grantees achieving a specified level in annual personal performance evaluations.

On 13 August 2025, the Board announced that, the Company has resolved to make an offer to grant Restricted Shares to the Grantees under the 2024 Share Award Scheme to subscribe for a total of 258,908,151 ordinary shares of the Company. As at 31 December 2025, under the 2024 Share Award Scheme, restricted shares have been granted twice.

NOTES TO FINANCIAL STATEMENTS

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37. RESTRICTED SHARE AWARD SCHEME (continued)

The following Restricted Shares were outstanding under the share award schemes during the year:

	Number of Restricted Shares
At 1 January 2024	99,356,368
Granted	51,781,630
Vested	(39,668,264)
Forfeited	(10,912,765)
At 31 December 2024 and 1 January 2025	**100,556,969**
Granted	**51,781,630**
Vested	**(39,221,042)**
Forfeited	**(11,383,439)**
At 31 December 2025	**101,734,118**

The vesting periods of the Restricted Shares outstanding as at the end of the reporting period are as follows:

2025

Number of Restricted Shares	Vesting period
16,027,393	10 August 2026
16,962,548	12 August 2026
16,962,547	12 August 2027
17,260,543	13 August 2026
17,260,543	13 August 2027
17,260,544	13 August 2028
101,734,118	

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37. RESTRICTED SHARE AWARD SCHEME (continued)

2024

Number of Restricted Shares	Vesting period
15,924,915	26 July 2025
16,425,212	10 August 2025
16,425,212	10 August 2026
17,260,543	12 August 2025
17,260,543	12 August 2026
17,260,544	12 August 2027
100,556,969	

At 31 December 2025, 29,143,434 (31 December 2024: 29,187,480) non-vested Restricted Shares were granted to certain executive directors; 36,858,304 (31 December 2024: 36,831,735) non-vested Restricted Shares were granted to certain employees among the five highest paid employees; and 40,940,712 (31 December 2024: 40,866,266) non-vested Restricted Shares were granted to certain key management personnel.

There were shares of 69,786,650 (31 December 2024: 109,007,692) in total amounting to RMB318,322,000 (31 December 2024: RMB546,009,000), i.e. at a weighted average price of RMB4.56 (31 December 2024: RMB5.01), held by the Trustee at 31 December 2025. The movements of the shares held for the Share Award Scheme are as follows:

	Number of shares	Amount
		RMB'000
At 1 January 2024	102,330,956	576,508
Purchase of shares under Share Award Scheme	46,345,000	227,471
Vested	(39,668,264)	(257,970)
At 31 December 2024 and 1 January 2025	**109,007,692**	**546,009**
Vested	**(39,221,042)**	**(227,687)**
At 31 December 2025	**69,786,650**	**318,322**

NOTES TO FINANCIAL STATEMENTS

31 December 2025

37. RESTRICTED SHARE AWARD SCHEME (continued)

The fair value (measured as at the grant dates) of the Restricted Shares that were outstanding as at 31 December 2025 was RMB499,999,000 (31 December 2024: RMB413,745,000). The weighted average fair values were RMB6.36, RMB5.02 and RMB4.35 per share (31 December 2024: RMB4.50, RMB4.11 and RMB3.98 per share) for each of the three tranches with one-year, two-year and three-year vesting periods, respectively. The Group recognised an amount of RMB185,385,000 in employee benefit expense during the year ended 31 December 2025 (2024: RMB167,430,000).

The fair value of the Restricted Shares granted during the year was estimated as at their respective dates of grant, using a no-arbitrage model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the main inputs to the model used:

	2025	2024
Expected dividend yield (%)	7.30	9.28
Share price (HKD per share)	7.53	5.39

On 12 March 2024, the Board of HCD approved a restricted share award scheme. The number of Restricted Shares of HCD under the scheme shall not exceed 111,903,540. The HCD recognised an amount of RMB7,403,000 in employee benefit expense during the year ended 31 December 2025 (2024: RMB9,845,000).

38. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the consolidated statement of changes in equity of the financial statements.

The Group's capital reserve represents the excess of the carrying amounts of capital and capital reserve of the subsidiaries acquired pursuant to the reorganisation as defined in the Prospectus, over the nominal value of the Company's shares issued as consideration plus the amount of borrowings capitalised in excess of the nominal value of shares issued.

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC are required to transfer no less than 10% of their profits after taxation, as determined under the PRC Company Law, to the statutory reserve fund until the balance reaches 50% of the registered capital. The transfer to this statutory reserve fund must be made before the distribution of dividends to shareholders.

Special reserve mainly represents funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiaries, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd., and Tianjin Horizon Construction Development Engineering Technology Co., Ltd. set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

38. RESERVES (continued)

The share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payments under the Share Option Scheme and the Share Award Scheme which are yet to be exercised. The amount will be transferred to share capital or shares held for the Share Award Scheme when the related share options are exercised or when the restricted shares are vested.

39. DISPOSAL OF SUBSIDIARIES

In April 2025, the Group disposed of 30% of the voting shares of Suzhou Hongteng.

In June 2025, the Group disposed of 49% of the voting shares of Chengdu Hongmin.

In December 2025, the Group disposed of 100% of the voting shares of 23 entities in Chengdu ("Chengdu Entities").

Disposal of Chengdu Entities

Net assets of Chengdu Entities as at the date of disposal were as follows:

	RMB'000
Net assets disposed of Chengdu Entities:	
Prepayments, other receivables and other assets	148,157
Loss on disposal of subsidiaries	(57,757)
Total consideration	90,400
Satisfied by:	
Cash	90,400
Including: Consideration received upon disposal	90,400
Consideration to be received after disposal	–
Analysis of cash flows on disposal:	
Cash received	90,400
Cash and cash equivalents disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	90,400

NOTES TO FINANCIAL STATEMENTS

31 December 2025

39. DISPOSAL OF SUBSIDIARIES (continued)

Disposal of Suzhou Hongteng, Chengdu Hongmin and other entities

Net assets of Suzhou Hongteng, Chengdu Hongmin and other entities as at the date of disposal were as follows:

	RMB'000
Net assets disposed of Suzhou Hongteng and Chengdu Hongmin:	
Cash and cash equivalents	5,442
Financial assets at fair value through profit or loss	4,209
Prepayments, other receivables and other assets	76,089
Investments in joint ventures	537,385
Other payables and accruals	(8,949)
Interest-bearing bank and other borrowings	(5,500)
Aggregate net assets disposed of other entities	(28,687)
Gain on disposal of subsidiaries	58,317
Total consideration	638,306
Satisfied by:	
Cash	292,274
Including: Consideration received upon disposal	292,274
Consideration to be received after disposal	–
Investments in joint ventures	346,032
Analysis of cash flows on disposal:	
Cash received	292,274
Cash and cash equivalents disposed of	(8,694)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	283,580

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB593,761,000 (2024: RMB416,457,000) and RMB593,761,000 (2024: RMB416,457,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2025

	Bank and other loans	Bonds	Lease liabilities	Convertible Bonds	Payables to non-controlling interests of consolidated structured entities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	185,743,909	77,592,431	994,469	2,072,836	1,564,467
Changes from financing cash flows	6,331,633	(1,701,230)	(688,373)	–	73,937
Equity component of convertible bonds	–	–	–	(2,081,643)	–
New leases	–	–	649,703	–	–
Foreign exchange movement	(564,814)	(414,911)	–	21,964	–
Interest expense	9,210,370	112,751	45,577	16,014	–
Interest paid classified as operating cash flows	(9,302,099)	(102,642)	–	(26,124)	–
Fair value losses	–	–	–	–	501,818
Reassessment and revision of lease terms	–	–	(133,788)	–	–
Increase arising from acquisition of a subsidiary	16,722	–	38,027	–	–
Decrease arising from disposal of subsidiaries	(5,500)	–	(11,472)	–	–
At 31 December 2025	191,430,221	75,486,399	894,143	3,047	2,140,222

NOTES TO FINANCIAL STATEMENTS

31 December 2025

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

2024

	Bank and other loans	Bonds	Lease liabilities	Convertible Bonds	Payables to non-controlling interests of consolidated structured entities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	178,831,010	73,724,739	987,645	3,806,952	1,557,793
Changes from financing cash flows	6,721,889	3,781,939	(394,451)	(1,836,801)	1,581
New leases	–	–	416,457	–	–
Foreign exchange movement	656,067	139,163	–	38,157	–
Interest expense	10,157,826	142,154	33,508	116,115	–
Interest paid classified as operating cash flows	(10,442,970)	(195,564)	–	(51,587)	–
Fair value losses	–	–	–	–	5,093
Reassessment and revision of lease terms	–	–	(36,526)	–	–
Increase arising from acquisition of a subsidiary	4,009	–	–	–	–
Decrease arising from disposal of subsidiaries	(183,922)	–	(12,164)	–	–
At 31 December 2024	185,743,909	77,592,431	994,469	2,072,836	1,564,467

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within operating activities	**(84,891)**	(40,122)
Within financing activities	**(688,373)**	(394,451)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

41. CONTINGENT LIABILITIES

At 31 December 2025, contingent liabilities that are not provided for in the financial statements were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Claimed amounts	–	236

On 20 June 2022, the subsidiary of the Company and a bank entered into a guarantee agreement, pursuant to which, the subsidiary of the Company will provide a guarantee of no more than RMB1,000,000,000 for the outstanding loans provided by the bank to borrowers which are third parties to the Group. As at 31 December 2025, the outstanding balance of guaranteed bank loans was zero (31 December 2024: RMB605,165,100). In the opinion of the directors of the Company, the amount of expected credit losses on the guaranteed bank loans is not expected to be significant.

42. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and other borrowings are included in Notes 13, 14, 20, 23 and 27, respectively, to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

43. COMMITMENTS

(a) Capital commitments

The Group had the following contractual commitments at the end of the reporting period:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for acquisition of property, plant and machinery	**48,162**	215,716

(b) Credit commitments

The Group's irrevocable credit commitments at the end of the reporting period were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Irrevocable credit commitments	**7,147,750**	14,010,442

At any given time, the Group also has outstanding commitments to extend credit, which are included in irrevocable credit commitments. These commitments are in the form of approved lease contracts, which have yet to be provided at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS

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44. RELATED PARTY TRANSACTIONS

Relationship between the Group and its related parties:

Joint ventures

Beijing Xingzhu Real Estate Development Co., Ltd.
Chengdu Hongmin City Construction Development Co., Ltd.
Chengdu Huachuang Yixingao Property Development Co., Ltd.
Chengdu Jinlanrui City Construction Development Co., Ltd.
Deyang Hongbo Construction Investment Co., Ltd.
Fengyang Qianmen Hospital Co., Ltd.
Guangzhou Kangda Industrial Technology Co., Ltd.
Guangzhou Yimei Tiancheng Decoration Engineering Co., Ltd.
Guixi Hongye Infrastructure Investment Co., Ltd.
Guixi Hongyu Infrastructure Investment Co., Ltd.
Hangzhou Hongchen City Construction Development Co., Ltd.
Hangzhou Hongkun City Development And Construction Co., Ltd.
Hangzhou Hongqian City Development Construction Co., Ltd.
Hangzhou Jiehan City Development and Construction Co., Ltd.
Qingdao Huizhu Zhouji Equity Investment Limited Partnership
Qingdao Co-e-Wins Venture Capital Limited Partnership
Sichuan Hongzhu City Construction Investment Co., Ltd.
Suzhou Hongcheng City Development Co., Ltd.
Suzhou Hongteng City Construction Development Co., Ltd.
Tianjin Hongjia City Development Construction Co., Ltd.
Tianjin Shuishi Enterprise Management Co., Ltd.*
Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd.**
Wuhan Hongye Construction Development Co., Ltd.
Yantai Yuanxin Zhongda Investment Co., Ltd.
Yantai Zhongda Xinhong Education Investment Co., Ltd.
Grand Flight Investment Management Co., Ltd.
Ziyang Yuyi Construction Investment Co., Ltd.
Shanghai Jielang Enterprise Management Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

44. RELATED PARTY TRANSACTIONS (continued)

Relationship between the Group and its related parties: (continued)

Associates
Hangzhou Guoya Stomatological Hospital Co., Ltd.
Liuzhou CSCEC Science & Technology Industrial & Cultural Tourism Development Co., Ltd.
Shanghai Hongzuo New Energy Technology Co., Ltd. ***
Shanghai Yijia Construction Development Co., Ltd.

* Tianjin Shuishi Enterprise Management Co., Ltd. is the subsidiary of the joint venture company Grand Flight Investment Management Co., Ltd.

** Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd. is the subsidiary of the joint venture company Grand Flight Investment Management Co., Ltd.

*** Shanghai Hongzuo New Energy Technology Co., Ltd. was converted from a subsidiary to an associated company at the end of 2024.

In addition to the transactions and balances disclosed in Notes 23, 24, 30 and 31 to the financial statements, the Group had the following material transactions with related parties during the year:

(i) Interest income from loans and accounts receivables

	2025	2024
	RMB'000	RMB'000
Chengdu Jinlanrui City Construction Development Co., Ltd.	10,850	711
Guangzhou Kangda Industrial Technology Co., Ltd.	9,121	8,632
Ziyang Yuyi Construction Investment Co., Ltd.	4,235	2,746
Hangzhou Hongqian City Development Construction Co., Ltd.	3,048	–
Shanghai Hongzuo New Energy Technology Co., Ltd.	1,727	–
Hangzhou Hongkun City Development And Construction Co., Ltd.	1,524	551
Guixi Hongye Infrastructure Investment Co., Ltd.	1,399	179
Beijing Xingzhu Real Estate Development Co., Ltd.	1,154	–
Deyang Hongbo Construction Investment Co., Ltd.	585	128
Hangzhou Hongchen City Construction Development Co., Ltd.	572	–
Wuhan Hongye Construction Development Co., Ltd.	493	17
Guixi Hongyu Infrastructure Investment Co., Ltd.	467	70
Hangzhou Jiehan City Development and Construction Co., Ltd.	434	–
Suzhou Hongteng City Construction Development Co., Ltd.	424	–
Chengdu Hongmin City Construction Development Co., Ltd.	81	–
Tianjin Hongjia City Development Construction Co., Ltd.	58	–
Total	36,172	13,034

NOTES TO FINANCIAL STATEMENTS

31 December 2025

44. RELATED PARTY TRANSACTIONS (continued)

(ii) Consulting service income

	2025	2024
	RMB'000	RMB'000
Yantai Zhongda Xinhong Education Investment Co., Ltd.	2,057	–
Grand Flight Investment Management Co., Ltd.	2,002	–
Yantai Yuanxin Zhongda Investment Co., Ltd.	1,756	1,017
Liuzhou CSCEC Science & Technology Industrial & Cultural Tourism Development Co., Ltd.	1,569	–
Hangzhou Hongkun City Development And Construction Co., Ltd.	558	559
Sichuan Hongzhu City Construction Investment Co., Ltd.	340	679
Total	8,282	2,255

(iii) Management Service income

	2025	2024
	RMB'000	RMB'000
Qingdao Huizhu Zhouji Equity Investment Limited Partnership	1,376	479
Qingdao Co-e-Wins Venture Capital Limited Partnership	995	1,141
Total	2,371	1,620

(iv) Compensation of key management personnel of the Group

	2025	2024
	RMB'000	RMB'000
Short term employee benefits	132,825	129,992

During 2025, certain members of key management personnel of the Group were granted share options and restricted shares in respect of their services to the Group under the share option scheme and the restricted share award scheme of the Company, further details of which are set out in Note 36 and Note 37 to the financial statements.

Further details of directors' emoluments are set out in Note 8 to the financial statements.

The above short term employee benefits have not taken into consideration the employees' potential entitlement under the collective economic-gain bonus schemes during the year ended 31 December 2025.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2025

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Debt investment at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and accounts receivables	273,519,543	–	–	–	273,519,543
Financial assets included in prepayments, other receivables and other assets	1,361,249	–	–	–	1,361,249
Restricted deposits	10,439,383	–	–	–	10,439,383
Derivative financial instruments designated as hedging instruments in cash flow hedges	–	–	320,608	–	320,608
Financial assets at fair value through profit or loss	–	14,193,789	–	–	14,193,789
Debt investment at fair value through other comprehensive income	–	–	–	260,855	260,855
Cash and cash equivalents	21,375,169	–	–	–	21,375,169
Total	306,695,344	14,193,789	320,608	260,855	321,470,596

NOTES TO FINANCIAL STATEMENTS

31 December 2025

45. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 December 2025 (continued)

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	7,771,420	–	–	7,771,420
Financial liabilities included in other payables and accruals	22,965,297	–	–	22,965,297
Interest-bearing bank and other borrowings	266,916,620	–	–	266,916,620
Convertible bonds – host debts	3,047	–	–	3,047
Lease liabilities	894,143	–	–	894,143
Hedging instruments designated as cash flow hedges	–	–	1,312,277	1,312,277
Other non-current liabilities	–	2,140,222	–	2,140,222
Total	298,550,527	2,140,222	1,312,277	302,003,026

NOTES TO FINANCIAL STATEMENTS

31 December 2025

45. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2024

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Debt investment at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and accounts receivables	260,648,717	–	–	–	260,648,717
Financial assets included in prepayments, other receivables and other assets	1,954,255	–	–	–	1,954,255
Restricted deposits	10,708,516	–	–	–	10,708,516
Derivative financial instrument	–	1,166	–	–	1,166
Derivative financial instruments designated as hedging instruments in cash flow hedges	–	–	1,755,574	–	1,755,574
Financial assets at fair value through profit or loss	–	15,759,270	–	–	15,759,270
Debt investment at fair value through other comprehensive income	–	–	–	453,246	453,246
Cash and cash equivalents	19,786,521	–	–	–	19,786,521
Total	293,098,009	15,760,436	1,755,574	453,246	311,067,265

NOTES TO FINANCIAL STATEMENTS

31 December 2025

45. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2024 (continued)

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	7,865,619	–	–	7,865,619
Financial liabilities included in other payables and accruals	21,428,368	–	–	21,428,368
Interest-bearing bank and other borrowings	262,845,347	–	–	262,845,347
Convertible bonds – host debts	2,072,836	–	–	2,072,836
Lease liabilities	994,469	–	–	994,469
Hedging instruments designated as cash flow hedges	–	–	301,591	301,591
Other non-current liabilities	–	1,564,467	–	1,564,467
Total	295,206,639	1,564,467	301,591	297,072,697

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments not measured at fair value

Financial assets and liabilities not presented at their fair value in the statement of financial position mainly represent cash and cash equivalents, restricted deposits, loans and accounts receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank and borrowings.

Fair value estimates are made at a specific point in time based on relevant market information and information about various financial instruments. The following methods and assumptions have been used to estimate the fair value of each class of financial instrument as far as practicable:

Cash and cash balances, the current portion of financial assets included in prepayments and other receivables, trade and bills payables, short-term borrowings and the current portion of financial liabilities included in other payables and accruals

Substantially all of the financial assets and liabilities mature within one year from the end of each reporting period and their carrying values approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments not measured at fair value (continued)

Loans and accounts receivables, interest-bearing bank and other borrowings except for bonds issued and short-term borrowings and restricted deposits

Substantially all of the restricted deposits and interest-bearing bank and other borrowings, except for bonds issued and short-term borrowings, are on floating rate terms and bear interest at prevailing market interest rates and their carrying values approximate to their fair values. For loans and accounts receivables with long-term remaining maturities, the applied interest rates approximate to prevailing market interest rates and their carrying values approximate to their fair value.

Bonds issued and convertible bonds-host debts

The fair values of the bonds and host debts convertible bonds issued are calculated based on a discounted cash flow model that is used based on a current yield curve appropriate for the remaining term to maturity.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Bonds issued	**75,486,399**	77,592,431	**76,623,193**	78,834,530
Convertible bonds – host debts	**3,047**	2,072,836	**2,812**	2,091,106

Non-current portion of financial assets included in prepayments, deposits and other receivables and the non-current portion of financial liabilities included in other payables and accruals

The fair values of the non-current portion of financial assets included in prepayment, deposits and other receivables and the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The difference between the carrying amounts and the fair values of those financial assets and liabilities is not significant.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments measured at fair value

Non-deliverable cross-currency interest rate swaps and interest rate swaps

Non-deliverable cross-currency interest rate swaps and interest rate swaps are measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Financial assets at fair value through profit or loss

The valuations of the financial assets at fair value through profit or loss were based on information known to the Group and market conditions existing at the end of the reporting period. The fair values were determined by using appropriate valuation techniques. Valuation techniques include using recent arm's length market transactions, referring to the current market value of another instrument that is substantially the same and making as much use of available and supportable market data as possible.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

Description	Fair value at 31 December 2025	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
Financial investments at fair value through profit or loss	**10,577,588**	**Market comparable model/Adjusted recent transaction price**	**Discount for lack of marketability ("DLOM")/Volatility**	**The higher the DLOM, the lower the fair value/The higher the volatility, the higher the fair value**
Other non-current liabilities	**(2,140,222)**	**Market comparable model/Adjusted recent transaction price**	**Discount for lack of marketability ("DLOM")/Volatility**	**The higher the DLOM, the higher the fair value/The higher the volatility, the lower the fair value**

Description	Fair value at 31 December 2024	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
Financial investments at fair value through profit or loss	11,330,161	Market comparable model/Adjusted recent transaction price	Discount for lack of marketability ("DLOM")/Volatility	The higher the DLOM, the lower the fair value/The higher the volatility, the higher the fair value
Other non-current liabilities	(1,564,467)	Market comparable model/Adjusted recent transaction price	Discount for lack of marketability ("DLOM")/Volatility	The higher the DLOM, the higher the fair value/The higher the volatility, the lower the fair value

NOTES TO FINANCIAL STATEMENTS

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46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets and liabilities measured at fair value
As at 31 December 2025

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cross-currency interest rate swaps – assets	–	320,419	–	320,419
Interest rate swaps – assets	–	189	–	189
Cross-currency interest rate swaps – liabilities	–	(1,215,243)	–	(1,215,243)
Forward currency contracts – liabilities	–	(71,857)	–	(71,857)
Interest rate swaps – liabilities	–	(25,177)	–	(25,177)
Financial assets at fair value through profit or loss	1,155,003	2,461,198	10,577,588	14,193,789
Debt investments at fair value through other comprehensive income	–	260,855	–	260,855
Other non-current liabilities	–	–	(2,140,222)	(2,140,222)

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31 December 2025

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

As at 31 December 2024

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cross-currency interest rate swaps – assets	–	1,514,677	–	1,514,677
Forward currency contracts – assets	–	241,699	–	241,699
Interest rate swaps – assets	–	364	–	364
Cross-currency interest rate swaps – liabilities	–	(210,999)	–	(210,999)
Interest rate swaps – liabilities	–	(90,592)	–	(90,592)
Financial assets at fair value through profit or loss	327,835	4,101,274	11,330,161	15,759,270
Debt investments at fair value through other comprehensive income	–	453,246	–	453,246
Other non-current liabilities	–	–	(1,564,467)	(1,564,467)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
Carrying amount at 1 January	**11,330,161**	3,753,048
Changes in fair value recognised in profit or loss	**1,072,833**	589,927
Additions	**334,042**	7,574,626
Disposals	**(1,482,214)**	(570,588)
Transfers to Level 1*	**(677,234)**	(16,852)
Carrying amount at 31 December	**10,577,588**	11,330,161

NOTES TO FINANCIAL STATEMENTS

31 December 2025

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows: (continued)

	2025	2024
	RMB'000	RMB'000
Other non-current liabilities		
Carrying amount at 1 January	1,564,467	1,557,793
Changes in fair value recognised in profit or loss	501,818	19,126
Additions	73,937	–
Disposals	–	(12,452)
Carrying amount at 31 December	2,140,222	1,564,467

* The Group transferred certain financial instruments from Level 3 to Level 1 of the fair value hierarchy due to the fact that fair value determination had changed from fair value measurement using significant unobservable inputs to quoted prices in active markets.

Liabilities for which fair values are disclosed

As at 31 December 2025

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bonds issued	–	76,623,193	–	76,623,193
Convertible bonds – host debts	–	2,812	–	2,812

As at 31 December 2024

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bonds issued	–	78,834,530	–	78,834,530
Convertible bonds – host debts	–	2,091,106	–	2,091,106

NOTES TO FINANCIAL STATEMENTS

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise lease receivables, entrusted loans, trade receivables, trade payables, bank loans, other interest-bearing loans, cash and short term deposits and derivative financial instruments. The main purpose of bank loans and other interest-bearing loans is to finance the Group's operations while other financial assets and liabilities such as lease receivables, entrusted loans, trade receivables and trade payables are directly related to the Group's operating activities.

The Group also enters into derivative transactions, including principally cross-currency interest rate swaps, forward currency contracts and interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings, lease receivables and other loans. The Group aims to mitigate such risks by reducing future variability in cash flows, while balancing the cost of such risk mitigation measure. For example, the Group enters into cash flow hedges (Note 22).

The table below demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, to the Group's profit before tax.

The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of the reporting period subject to repricing within the coming year.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

	Increase/(decrease) in profit before tax As at 31 December	
	2025	2024
	RMB'000	RMB'000
Change in basis points		
+100 basis points	**(304,572)**	(40,610)
– 100 basis points	**310,172**	51,226

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in profit before tax based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of financial instruments with different maturities change by the same amount and, therefore, do not reflect the potential impact on profit before tax in the case where some rates change while others remain unchanged.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the operating activities of the Group (when receipt or payment is settled using a currency that is different from the functional currency).

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, and, to a lesser extent, other currencies. The Group's exposure to treasury operations mainly arises from its transactions in currencies other than the RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position. For example, the Group enters into cross currency interest rate swaps and forward currency contracts to mitigate the currency risk arising from variable cash flows of some of its foreign currency floating rate loans (Note 22).

The exchange rate of RMB to the United States Dollar ("USD") is managed under a floating exchange rate system. The Hong Kong Dollar ("HKD") exchange rate has been pegged to USD, and therefore, the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD.

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31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

The table below is a sensitivity analysis of the change in the exchange rate of the currency to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The analysis shows the effect of a reasonably possible movement in the currency rate against RMB, with all other variables held constant, on profit before tax. This effect, however, was based on the assumption that the Group's foreign exchange exposures as at the end of each reporting period were kept unchanged and, therefore, the analysis has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

Group

		Increase/(decrease) in profit before tax As at 31 December	
		2025	2024
		RMB'000	RMB'000
Currency	Change in currency rate		
USD	+/-1%	**513/(513)**	25,793/(25,793)
HKD	+/-1%	**(11,683)/11,683**	(29,748)/29,748

Credit risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations.

The Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts.

Other financial assets of the Group include cash and bank deposits, accounts receivable, notes receivable, derivative financial instruments, entrusted loans and subordinated tranches of asset-backed securities/notes, and debt investments at fair value through profit or loss. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk is equal to the carrying amounts of these assets.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on the customers' creditworthiness information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2025

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	–	–	–	660,263	660,263
Accounts receivable	–	–	–	7,431,985	7,431,985
Notes receivable*	2,034,939	–	–	–	2,034,939
Interest-earning assets	254,617,214	8,470,420	1,225,840	–	264,313,474
Financial assets included in prepayments, other receivables and other assets	1,361,249	–	–	–	1,361,249
Pledged deposits	10,439,383	–	–	–	10,439,383
Cash and cash equivalents	21,375,169	–	–	–	21,375,169
	289,827,954	8,470,420	1,225,840	8,092,248	307,616,462

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

At 31 December 2024

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	–	–	–	753,848	753,848
Accounts receivable	–	–	–	6,705,479	6,705,479
Notes receivable*	2,794,572	–	–	–	2,794,572
Interest-earning assets	241,125,168	9,553,241	923,503	–	251,601,912
Financial assets included in prepayments, other receivables and other assets	1,954,255	–	–	–	1,954,255
Pledged deposits	10,708,516	–	–	–	10,708,516
Cash and cash equivalents	19,786,521	–	–	–	19,786,521
	276,369,032	9,553,241	923,503	7,459,327	294,305,103

* includes notes receivable classified as debt investments at fair value through other comprehensive income.

Note:

The financial assets falling in stage 1 are mainly credit rated as Pass, except for an amount of interest-earning assets of RMB4,576,976,000 (31 December 2024: RMB2,751,289,000) which are credit rated as Special Mention. All of the financial assets falling in stage 2 and stage 3 are credit rated as Special Mention and Non-performing, respectively

Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The customer bases of the Group's financial assets are widely dispersed in different sectors and industries.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet the liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily execution of the following objectives: maintaining the stability of the leasing business, projecting cash flows and evaluating the level of current assets and liquidity of the Group, and maintaining an efficient internal fund transfer mechanism.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	As at 31 December 2025						
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FINANCIAL ASSETS:							
Loans and accounts receivables	2,330,973	52,553,323	125,375,850	125,788,034	16,315	–	306,064,495
Financial assets included in prepayments, other receivables and other assets	–	1,043,742	76,101	241,406	–	–	1,361,249
Restricted deposits	–	1,165,620	78,348	9,195,415	–	–	10,439,383
Derivative financial instruments	–	130,422	118,281	71,905	–	–	320,608
Financial assets at fair value through profit or loss	–	1,249,558	1,204,842	4,823,312	3,249,325	3,666,752	14,193,789
Debt investment at fair value through other comprehensive income	–	59,161	201,694	–	–	–	260,855
Cash and cash equivalents	21,375,169	–	–	–	–	–	21,375,169
Total financial assets	23,706,142	56,201,826	127,055,116	140,120,072	3,265,640	3,666,752	354,015,548
FINANCIAL LIABILITIES:							
Trade and bills payables	8,953	3,353,427	4,409,040	–	–	–	7,771,420
Financial liabilities included in other payables and accruals	264,302	4,562,621	3,378,739	14,690,289	69,346	–	22,965,297
Convertible bonds – host debts	–	–	3,047	–	–	–	3,047
Lease liabilities	–	43,068	294,924	523,052	33,099	–	894,143
Interest-bearing bank and other borrowings	–	43,864,944	96,585,465	134,579,266	3,952,309	–	278,981,984
Derivative financial instruments	–	68,823	242,779	1,000,675	–	–	1,312,277
Other non-current liabilities	–	–	–	–	2,140,222	–	2,140,222
Total financial liabilities	273,255	51,892,883	104,913,994	150,793,282	6,194,976	–	314,068,390
Net liquidity gap	23,432,887	4,308,943	22,141,122	(10,673,210)	(2,929,336)	3,666,752	39,947,158

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows: (continued)

	As at 31 December 2024						
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Over 5 years	Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FINANCIAL ASSETS:							
Loans and accounts receivables	3,365,652	49,262,800	122,807,671	113,621,816	493,053	–	289,550,992
Financial assets included in prepayments, other receivables and other assets	–	503,765	1,064,167	386,323	–	–	1,954,255
Restricted deposits	–	1,934,775	1,953,627	6,820,114	–	–	10,708,516
Derivative financial instruments	–	191,947	840,949	723,844	–	–	1,756,740
Financial assets at fair value through profit or loss	–	1,517,867	1,950,091	6,554,240	2,809,394	2,927,678	15,759,270
Debt investment at fair value through other comprehensive income	–	32,773	420,473	–	–	–	453,246
Cash and cash equivalents	19,786,521	–	–	–	–	–	19,786,521
Total financial assets	23,152,173	53,443,927	129,036,978	128,106,337	3,302,447	2,927,678	339,969,540
FINANCIAL LIABILITIES:							
Trade and bills payables	107,034	4,262,850	2,505,271	990,464	–	–	7,865,619
Financial liabilities included in other payables and accruals	802,166	6,172,480	3,072,677	11,369,980	11,065	–	21,428,368
Convertible bonds – host debts	–	–	–	2,072,836	–	–	2,072,836
Lease liabilities	–	16,566	280,788	697,501	51,045	–	1,045,900
Interest-bearing bank and other borrowings	1,929,975	41,563,856	97,466,526	123,995,405	5,231,456	–	270,187,218
Derivative financial instruments	–	929	141,584	159,078	–	–	301,591
Other non-current liabilities	–	–	–	–	1,564,467	–	1,564,467
Total financial liabilities	2,839,175	52,016,681	103,466,846	139,285,264	6,858,033	–	304,465,999
Net liquidity gap	20,312,998	1,427,246	25,570,132	(11,178,927)	(3,555,586)	2,927,678	35,503,541

NOTES TO FINANCIAL STATEMENTS

31 December 2025

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, raise new debt or issue new shares. No changes were made to the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is defined by management as net debt divided by total equity plus net debt. Net debt includes bank and other borrowings. The gearing ratios as at the reporting dates were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank and other borrowings (Note 32)	**266,919,667**	264,918,183
Total equity	**60,293,644**	57,477,141
Total equity and net debt	**327,213,311**	322,395,324
Gearing ratio	**82%**	82%

48. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Continuing involvement in transferred assets	**–**	136,177
Payables to non-controlling interests of consolidated structured entities	**2,140,222**	1,564,467
Others	**670**	670
Total	**2,140,892**	1,701,314

NOTES TO FINANCIAL STATEMENTS

31 December 2025

49. TRANSFERS OF FINANCIAL ASSETS AND INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group enters into securitisation transactions in the normal course of business whereby it transfers loans and accounts receivables to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those loans and accounts receivables and they generally finance the purchase of the loans and accounts receivables by issuing asset-backed securities to investors. The Group assessed and determined that those structured entities need not be consolidated as the Group has no control over them.

The Group may hold some subordinated tranches of those asset-backed securities/notes and accordingly may retain portions of the risks and rewards of the transferred loans and accounts receivables. The Group would determine whether or not to derecognise the transferred loans and accounts receivables mainly by evaluating the extent to which it retains the risks and rewards of the transferred assets.

During the year ended 31 December 2025 and the year ended 31 December 2024, the Group did not enter into transfers of loans and accounts receivable to third parties that lead to the full derecognition of assets. The Group did not provide liquidity support to unconsolidated structured entities, and thus there was no exposure to losses.

The Group transferred loans and accounts receivables to unconsolidated structured entities, where the Group held some subordinated tranches, and hence, it retained continuing involvement in the transferred assets. As at 31 December 2025, there was no such balance (31 December 2024: loans and accounts receivables amounting to RMB260,026,000). As a result, as at 31 December 2025, the Group did not hold subordinated tranches of asset-backed securities/notes (31 December 2024: the balance amounting to RMB140,240,000), and the Group had no continuing involvement in transferred assets and associated liabilities (31 December 2024: the balances amounting to RMB140,240,000). The balances approximate the maximum exposure to losses from its involvement in such securitisation arrangements and the unconsolidated structured entities.

50. EVENTS AFTER THE REPORTING PERIOD

On January 31, 2026, the Group issued notes of USD400,000,000 with an annual interest rate of 5.25% and a term of 3 years.

51. COMPARATIVE AMOUNTS

Certain comparative amounts have been adjusted to conform with the current year's presentation and accounting treatment.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	6,314	4,249
Right-of-use assets	29,677	39,712
Investments in subsidiaries	88,266,932	86,718,628
Loans and accounts receivables	27,261,530	16,407,840
Derivative financial instruments	71,745	690,599
Total non-current assets	115,636,198	103,861,028
CURRENT ASSETS		
Loans and accounts receivables	1,413,613	1,344,489
Prepayments, other receivables and other assets	8,370,377	5,774,251
Dividend receivable from subsidiaries	490,000	53,651
Derivative financial instruments	118,243	948,924
Restricted deposits	875,390	731,436
Cash and cash equivalents	4,727,841	5,885,603
Financial assets at fair value through profit or loss	–	359,420
Total current assets	15,995,464	15,097,774
CURRENT LIABILITIES		
Other payables and accruals	5,210,358	5,050,213
Lease liabilities	26,621	–
Income tax payable	26,893	18,130
Derivative financial instruments	272,491	115,851
Interest-bearing bank and other borrowings	20,016,804	21,733,098
Total current liabilities	25,553,167	26,917,292
NET CURRENT LIABILITIES	(9,557,703)	(11,819,518)
TOTAL ASSETS LESS CURRENT LIABILITIES	106,078,495	92,041,510

NOTES TO FINANCIAL STATEMENTS

31 December 2025

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**106,078,495**	92,041,510
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**51,236,691**	41,470,360
Derivative financial instruments	**969,263**	95,810
Lease liabilities	**11,571**	45,889
Deferred tax liabilities	**1,008,165**	–
Total non-current liabilities	**53,225,690**	41,612,059
Net assets	**52,852,805**	50,429,451
EQUITY		
Share capital	**15,639,775**	13,098,930
Reserves (Note 38)	**37,213,030**	37,330,521
Total equity	**52,852,805**	50,429,451

Kong Fanxing	**Wang Mingzhe**
Director	*Director*

NOTES TO FINANCIAL STATEMENTS

31 December 2025

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Equity component of convertible bonds	Capital reserve	Shares held for the share award scheme	Share-based compensation reserve#	Shares held for the share award scheme of a subsidiary	Special reserve	Reserve fund	Hedging reserve	Exchange fluctuation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	228,432	2,212,708	(576,508)	431,106	–	91,760	121,913	(286,166)	561,165	34,179,932	36,964,342
Profit for the year	–	–	–	–	–	–	–	–	–	3,849,674	3,849,674
Other comprehensive income for the year:											
Cash flow hedges, net of tax	–	–	–	–	–	–	–	675,053	–	–	675,053
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(33,646)	–	(33,646)
Total comprehensive income	–	–	–	–	–	–	–	675,053	(33,646)	3,849,674	4,491,081
Final 2023 dividend and 2024 interim dividend declared (net of dividends received from shares held for the share award scheme)	–	–	–	–	–	–	–	–	–	(2,872,921)	(2,872,921)
Special dividend	–	–	–	–	–	–	–	–	–	(1,034,828)	(1,034,828)
Shares vested under the restricted share award scheme	–	–	257,970	(202,377)	–	–	–	–	–	(55,593)	–
Purchase of shares under restricted share award scheme	–	–	(227,471)	–	(37,938)	–	–	–	–	–	(265,409)
Transfer of share option reserve upon exercise of share options	–	–	–	(6,453)	–	–	–	–	–	–	(6,453)
Recognition of equity-settled share-based payments	–	–	–	197,507	–	–	–	–	–	–	197,507
Special reserve – safety fund appropriation	–	–	–	–	–	21,784	–	–	–	(21,784)	–
Purchase of non-controlling interests	–	43,788	–	–	–	–	–	–	–	–	43,788
Redemption of perpetual securities	–	(56,145)	–	–	–	–	–	–	–	–	(56,145)
Redemption of convertible bonds	(83,647)	(70,052)	–	–	–	–	–	–	–	–	(153,699)
Others	–	23,258	–	–	–	–	–	–	–	–	23,258
At 31 December 2024	144,785	2,153,557	(546,009)	419,783	(37,938)	113,544	121,913	388,887	527,519	34,044,480	37,330,521

NOTES TO FINANCIAL STATEMENTS

31 December 2025

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

	Equity component of convertible bonds	Capital reserve	Shares held for the share award scheme	Share-based compensation reserve#	Shares held for the share award scheme of a subsidiary	Special reserve	Reserve fund	Hedging reserve	Exchange fluctuation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	144,785	2,153,557	(546,009)	419,783	(37,938)	113,544	121,913	388,887	527,519	34,044,480	37,330,521
Profit for the year	–	–	–	–	–	–	–	–	–	3,360,065	3,360,065
Other comprehensive income for the year:											
Cash flow hedges, net of tax	–	–	–	–	–	–	–	(1,116,507)	–	–	(1,116,507)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(50,499)	–	(50,499)
Total comprehensive income	–	–	–	–	–	–	–	(1,116,507)	(50,499)	3,360,065	2,193,059
Final 2024 dividend and 2025 interim dividend declared (net of dividends received from shares held for the share award scheme)	–	–	–	–	–	–	–	–	–	(2,248,069)	(2,248,069)
Shares vested under the restricted share award scheme	–	–	227,687	(172,239)	890	–	–	–	–	(56,338)	–
Purchase of shares under restricted share award scheme	–	–	–	–	(54)	–	–	–	–	–	(54)
Share of other reserves of investments accounted for using the equity method	–	9,461	–	–	–	–	–	–	–	–	9,461
Transfer of share option reserve upon exercise of share options	–	–	–	(51,451)	–	–	–	–	–	–	(51,451)
Recognition of equity-settled share-based payments	–	–	–	213,677	–	–	–	–	–	–	213,677
Special reserve – safety fund appropriation	–	–	–	–	–	5,203	–	–	–	(5,203)	–
Capital reduction by non-controlling shareholders	–	(1,897)	–	–	–	–	–	–	–	–	(1,897)
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	(15,588)	(15,588)
Disposal of subsidiaries	–	(61,758)	–	–	–	–	–	–	–	(4,503)	(66,261)
Issue of shares upon conversion of convertible bonds	(144,682)	–	–	–	–	–	–	–	–	–	(144,682)
Others	–	(5,686)	–	–	–	–	–	–	–	–	(5,686)
At 31 December 2025	103	2,093,677	(318,322)	409,770	(37,102)	118,747	121,913	(727,620)	477,020	35,074,844	37,213,030

NOTES TO FINANCIAL STATEMENTS

31 December 2025

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

The reserve of the Company represents the recognition of the equity-settled share-based payments of the share options which are yet to be exercised and the restricted shares which are yet to be vested. The amount will be transferred to share capital or shares held for the share award scheme when the related share options are exercised or restricted shares are vested.

The Company elects to account for the investments in subsidiaries using the equity method in its separate financial statements, sharing of net profits of the investments in subsidiaries amounted to RMB9,114,387,000 (2024: RMB8,982,492,000), details are disclosed in Note 2.4 Material Accounting Policies.

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 11 March 2026.

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