遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 3360)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the "**Board**") of Far East Horizon Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the six months ended 30 June 2025. This announcement, containing the full text of the 2026 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results.

By Order of the Board
Far East Horizon Limited
KONG Fanxing
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 5 August 2026

As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing (Chairman), Mr. WANG Mingzhe and Mr. CAO Jian, the non-executive directors of the Company are Mr. CHEN Shumin, Ms. WEI Mengmeng, Mr. KUO Ming-Jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. HAN Xiaojing, Mr. LIU Jialin, Mr. YIP Wai Ming and Mr. WONG Ka Fai Jimmy.

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
(Lead Independent Non-executive Director)

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

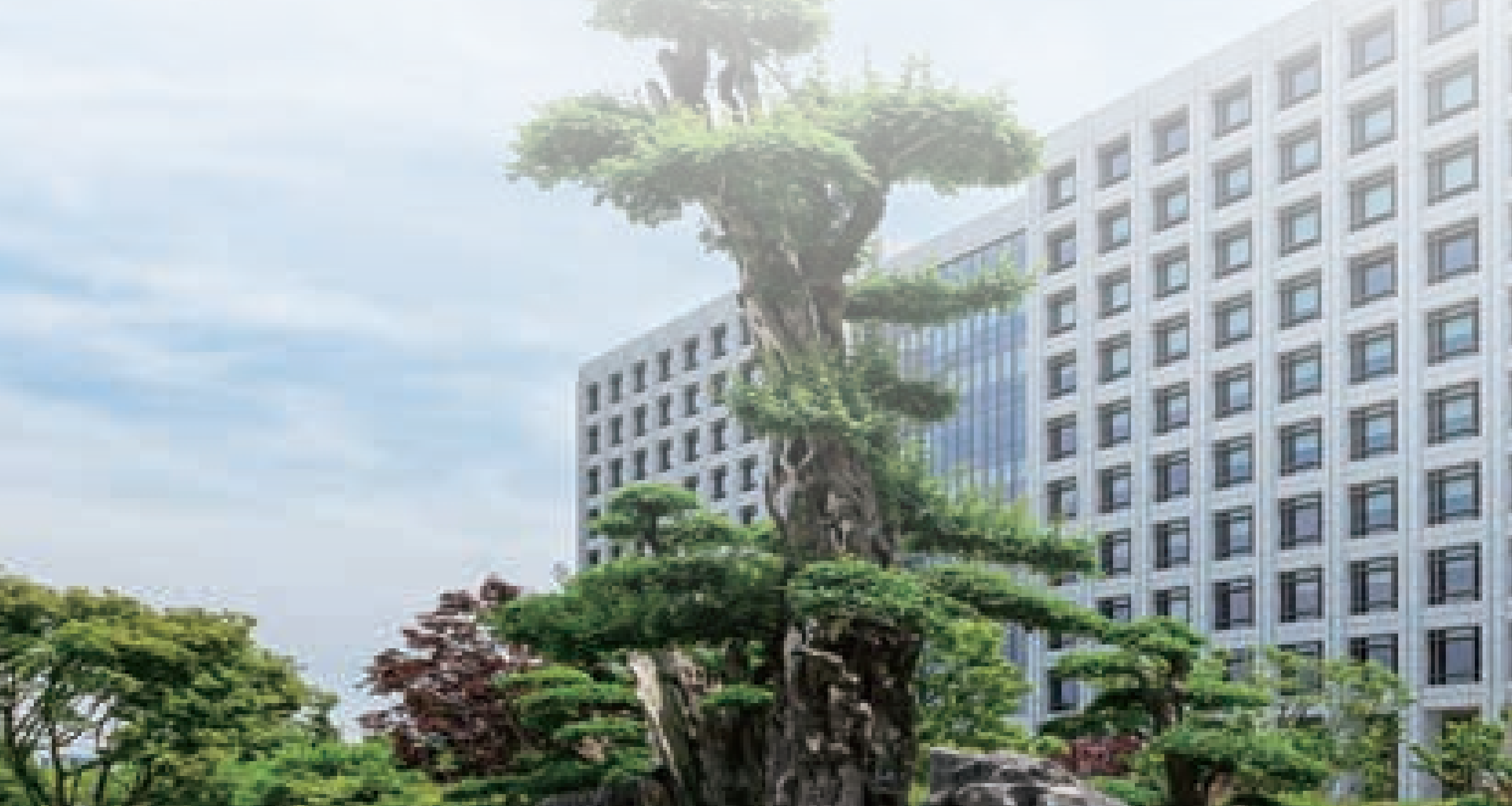
COMPANY PROFILE

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 enormous economy in China. Based on its operational philosophy of “finance + industry”, Far East Horizon endeavours 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.

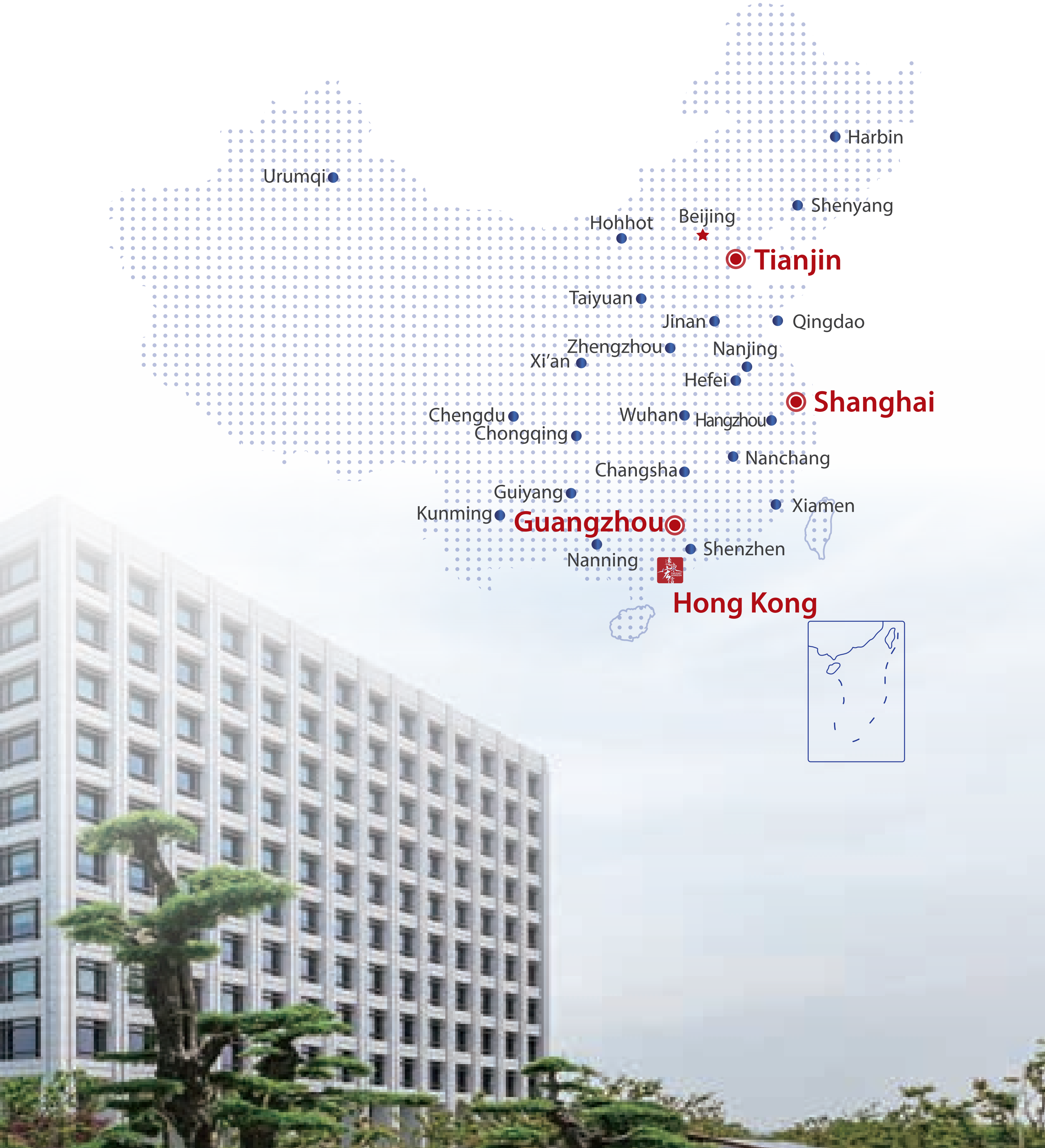
Over the past two decades, the Group has evolved from a single financial service company into an integrated service provider backed by the mainland and headquartered in Hong Kong with a global footprint so as to facilitate national economic and sustainable social development. With the creative integration 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, China, has business operations centers in Shanghai, Tianjin and Guangzhou, and has offices in more than 20 core cities throughout China, 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



BUSINESS OVERVIEW

For the six months ended 30 June

2026

	Total revenue (RMB'000)	Profit for the period attributable to holders of ordinary shares (RMB'000)	Basic Earnings per Share (RMB)
	18,038,807	**2,221,547**	**0.47**
For the six months ended 30 June			
2026	18,038,807	2,221,547	0.47
2025	17,336,455	2,163,585	0.51
For the twelve months ended 31 December			
2025	35,785,015	3,888,519	0.87
2024	37,749,156	3,862,461	0.92
2023	37,959,798	6,192,972	1.47

Diluted earnings per share (RMB)	Return on average assets[2] For the six months ended 30 June	Return on average equity[3] For the six months ended 30 June
0.47	**1.21%**	**8.47%**

Gearing ratio For the six months ended 30 June	
2025	2026
83.65%	**83.62%**

Net interest margin[4] For the six months ended 30 June	Net interest spread[5] For the six months ended 30 June	Cost to income ratio[6] For the six months ended 30 June
5.50%	**5.04%**	**44.65%**

Net assets per share (RMB) For the six months ended 30 June	
2025	2026
10.71	**10.99**

BUSINESS OVERVIEW

	For the six months ended 30 June		For the year ended 31 December		
	2026	2025	2025	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Total revenue	**18,038,807**	17,336,455	35,785,015	37,749,156	37,959,798
Financial services (interest income)	**11,621,542**	10,657,250	21,807,366	21,182,108	22,467,103
Advisory services (fee income)	**543,150**	433,249	868,301	523,546	896,331
Revenue from industrial operation	**5,950,619**	6,328,829	13,283,870	16,180,581	14,739,271
Tax and surcharges	**(76,504)**	(82,873)	(174,522)	(137,079)	(142,907)
Cost of sales	**(8,454,013)**	(9,686,711)	(18,925,110)	(20,734,304)	(19,958,815)
Borrowing costs	**(3,992,748)**	(4,711,141)	(8,944,616)	(9,397,606)	(9,982,081)
Costs for industrial operation	**(4,461,265)**	(4,975,570)	(9,980,494)	(11,336,698)	(9,976,734)
Pre-provision operating profit(1)	**5,359,490**	4,309,827	9,338,164	9,275,587	10,614,851
Profit before tax	**4,097,810**	4,011,925	8,032,369	8,021,363	10,425,260
Profit for the period/year attributable to holders of ordinary shares of the Company	**2,221,547**	2,163,585	3,888,519	3,862,461	6,192,972
Basic earnings per share (RMB)	**0.47**	0.51	0.87	0.92	1.47
Diluted earnings per share (RMB)	**0.47**	0.47	0.83	0.84	1.33
Profitability indicators					
Return on average assets(2)	**1.21%**	1.21%	1.09%	1.27%	1.98%
Return on average equity(3)	**8.47%**	8.66%	7.71%	7.80%	12.99%
Net interest margin(4)	**5.50%**	4.51%	4.83%	4.48%	4.58%
Net interest spread(5)	**5.04%**	4.06%	4.39%	4.00%	3.98%
Cost to income ratio(6)	**44.65%**	50.70%	48.89%	48.98%	45.12%

BUSINESS OVERVIEW

	30 June 2026	30 June 2025	31 December 2025	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	**373,223,828**	363,799,616	370,961,369	360,390,000	351,483,236
Net interest-earning assets	**282,471,751**	266,625,712	272,046,827	260,641,331	269,084,739
Total liabilities	**312,106,211**	304,321,722	310,667,725	302,912,859	293,913,636
Interest-bearing bank and other borrowings	**266,188,806**	265,358,970	266,919,667	264,918,183	255,636,145
Gearing ratio	**83.62%**	83.65%	83.75%	84.05%	83.62%
Total equity	**61,117,617**	59,477,894	60,293,644	57,477,141	57,569,600
Equity attributable to holders of ordinary shares of the Company	**52,934,053**	50,999,255	51,942,124	48,990,316	50,099,369
Net assets per share (RMB)	**10.99**	10.71	10.82	11.34	11.61

BUSINESS OVERVIEW

	30 June 2026	30 June 2025	31 December 2025	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Duration matching of assets and liabilities					
Financial assets	**325,240,633**	313,176,085	321,470,596	311,067,265	306,682,291
Financial liabilities	**305,470,159**	297,064,746	302,003,026	297,613,319	285,025,325
Quality of interest-earning assets					
Non-performing asset ratio(7)	**0.99%**	1.05%	1.03%	1.07%	1.04%
Provision coverage ratio(8)	**227.98%**	227.33%	227.82%	227.78%	227.59%
Write-off of non-performing asset ratio(9)	**42.00%**	21.24%	50.37%	40.70%	49.41%
Write-off of non-performing asset ratio for the traditional financial business(10)	**4.33%**	9.36%	12.97%	27.69%	48.77%
Overdue interest-earning assets (over 30 days) ratio(11)	**0.81%**	0.90%	0.82%	0.90%	0.91%

BUSINESS OVERVIEW

Notes:

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

(2) Return on average assets = profit for the year or the period/average balance of assets at the beginning and end of the period, presented on an annualized basis;

(3) Return on average equity = profit for the year or the period 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 period, presented on an annualized basis;

(4) Net interest margin = net interest income/average balance of interest-earning assets, presented on an annualized basis;

(5) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities, presented on an annualized basis;

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

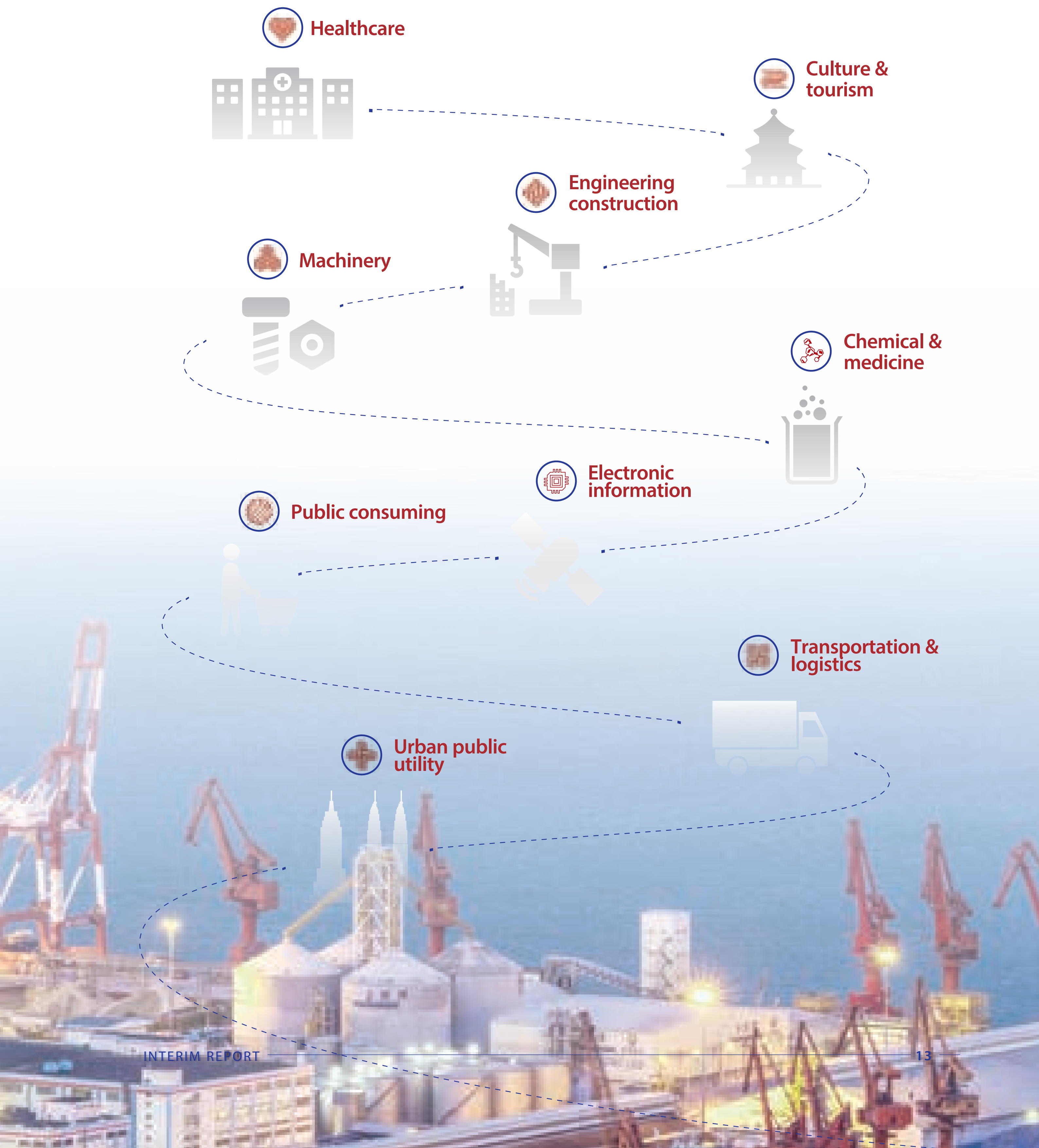
(7) Non-performing asset ratio = net non-performing assets/net interest-earning assets;

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

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

(10) Write-off of non-performing asset ratio for the traditional financial business = written-off and disposal of non-performing assets of the traditional financial business/non-performing assets of the traditional financial business at the end of the previous period;

(11) 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 the first half of 2026, China's gross domestic product (GDP) reached RMB69.57 trillion on a constant price basis, representing a year-on-year increase of 4.7%. By industry, the added value of the primary industry was RMB3.15 trillion, representing a year-on-year increase of 3.7% and a contribution to economic growth of 3.7%; the added value of the secondary industry was RMB25.05 trillion, representing a year-on-year increase of 3.9% and a contribution to economic growth of 30.2%; and the added value of the tertiary industry was RMB41.37 trillion, representing a year-on-year increase of 5.2% and a contribution to economic growth of 66.1%. Taking into consideration the price factor, the GDP deflator recorded a year-on-year increase of 0.7%, of which the primary industry deflator decreased by approximately 2.68% year on year, the secondary industry deflator increased by approximately 1.18% year on year, and the tertiary industry deflator increased by approximately 0.74% year on year.

On the demand side, in respect of investment in the first half of 2026, fixed assets investment (excluding rural households) nationwide amounted to RMB22.64 trillion, representing a year-on-year decrease of 5.7%. In particular, private investment in fixed assets recorded a year-on-year decrease of 8.5%. In respect of consumption, the total sales of social consumer goods amounted to RMB24.87 trillion, representing a year-on-year increase of 1.3%. In particular, the sales of urban consumer goods amounted to RMB21.55 trillion; and the sales of rural consumer goods amounted to RMB3.32 trillion. In respect of imports and exports, total imports and exports of goods amounted to RMB25.47 trillion, representing a year-on-year increase of 16.9%. In particular, export of goods amounted to RMB14.73 trillion, representing a year-on-year increase of 13.4%; and import of goods amounted to RMB10.74 trillion, representing a year-on-year increase of 22.1%. The trade surplus was RMB3.99 trillion after offsetting the exports against the imports.

On the supply side, the industrial capacity utilization rate was 73.3% in the first half of 2026, representing a year-on-year decrease of 0.7 percentage point. For the three major industries, the mining industry, the manufacturing industry, and the electricity, heat, gas and water production and supply industry reported capacity utilization rates of 69.1%, 73.5% and 70.4%, respectively. Total profits of the industrial enterprises above a designated size amounted to RMB3.95 trillion, representing a year-on-year increase of 18.7%. For the three major industries, total profits from the mining industry, the manufacturing industry, and the electricity, heat, gas and water production and supply industry amounted to RMB574.5 billion, RMB2,971.2 billion and RMB402.2 billion, respectively, representing a year-on-year increase of 33.5%, a year-on-year increase of 20.1% and a year-on-year decrease of 4.2%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of fiscal policy, in the first half of 2026, the national general public budget expenditure was RMB14.33 trillion, representing a year-on-year increase of 1.5%. The increase was mainly driven by expenditures on healthcare, social security and employment, debt interest payments, science and technology, and education, which grew by 10.8%, 7.6%, 4.5%, 1.3% and 0.6%, respectively. Energy conservation and environmental protection expenditure recorded a year-on-year decrease of 10.3%, and expenditure on agriculture, forestry and water conservancy recorded a year-on-year decrease of 8.6%. The national general public budget revenue was RMB12.11 trillion, representing a year-on-year increase of 4.7%. In particular, tax revenue amounted to RMB9.79 trillion, representing a year-on-year increase of 5.3%. Non-tax revenue amounted to RMB2.32 trillion, representing a year-on-year increase of 2.3%.

From the perspective of various industry sectors served by the Group, divergent development trends were observed across sectors. In respect of urban public utility, infrastructure investment generally declined, with a year-on-year decrease of 2.4% in the first half of the year, but investment in new infrastructure such as information transmission and pipeline transportation maintained a high growth rate, increasing by 25.6% and 98.8% year on year, respectively. In respect of engineering construction, real estate construction continued to slow down. Real estate investment, gross floor area (GFA) under construction, and GFA of new construction projects decreased by 18.0%, 12.5% and 23.4% year on year, respectively. In respect of healthcare, healthcare investment remained subdued, with investment in healthcare recording a year-on-year decrease of 9.2%. In respect of culture & tourism, the tourism market continued to pick up. Civil air passenger traffic reached 318 million, representing a year-on-year increase of 2.5%. In respect of transportation & logistics, cargo transportation maintained growth. The national commercial freight volume was 23.12 billion tonnes, representing a year-on-year increase of 3.3%. In respect of public consumption, investment remained stable, with fixed asset investment in textile and apparel recording a year-on-year increase of 9.4%, while fixed asset investment in the agricultural and sideline food processing industry remained flat. The electronics industry saw improved sentiment. Fixed asset investment in computer, communication and other electronic equipment manufacturing increased by 6.5% year on year, while investment in general-purpose equipment manufacturing and electrical machinery manufacturing remained stable, increasing by 1.9% and 1.2% year on year, respectively.

Source: National Bureau of Statistics of China, People's Bank of China, Ministry of Transport, Ministry of Culture and Tourism, General Administration of Customs, China Association of Automobile Manufacturers, China Construction Machinery Association, National Health Commission of the PRC, Ministry of Commerce, Ministry of Finance

1.2 Financial Environment

In the first half of 2026, the broad money supply (M2) increased by 8.0% year on year, while the outstanding social financing increased by 7.4% year on year. Social financing costs remained at a relatively low level, with the 1-year Loan Prime Rate (LPR) and 5-year LPR averaging 3.0% and 3.5%, respectively, remaining flat as compared with the end of 2025. The People's Bank of China continued to implement a moderately accommodative monetary policy to maintain ample liquidity. By utilizing a comprehensive mix of quantitative, price-based and structural monetary policy tools to strengthen counter-cyclical and cross-cyclical adjustments, it created a favorable monetary and financial environment for the economy. In January, the People's Bank of China lowered the re-lending and rediscount rates by 0.25 percentage point, increased the credit lines of re-lending for supporting agriculture and small businesses by RMB500 billion, and for technological innovation and technological upgrading by RMB400 billion, and lowered the minimum down payment ratio for home purchase loans to 30%. In June, at the Lujiazui Forum, the People's Bank of China announced major reform measures, including narrowing the interest rate corridor from 70 basis points to 50 basis points, creating a repo facility for overseas central banks, and studying the establishment of a macro-prudential liquidity support tool for non-bank institutions.

Source: People's Bank of China

MANAGEMENT DISCUSSION AND ANALYSIS

1.3 Industry Environment

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 Financial Leasing Business of Financial Leasing Companies and the Measures for the Supervision and Rating of Financial Leasing Companies, which required 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. On the other hand, several regional authorities, including those in Tianjin, Guangdong, Zhejiang and Shandong, issued supportive and regulatory documents to guide and support equipment leasing and encourage businesses in fields such as chips and aerospace. Despite the regulatory direction becoming clearer, the industry has been navigating a period of adjustment. As of the end of 2025, the balance of financial leasing contracts at the end of the period nationwide amounted to approximately RMB5.38 trillion, representing a decrease of approximately 1.5% from the end of the previous year, with the decline continuing to narrow as compared with 2024. The total number of enterprises continued to fall to approximately 7,020.

In respect of equipment leasing, the industry presented a landscape of domestic structural divergence contrasted with broad opportunities overseas. In the domestic market, in the first half of 2026, the construction sector as a whole presented an operational pattern characterized by infrastructure holding up, property staying weak and orders declining; however, the engineering machinery sector witnessed a significant rise in sentiment, benefiting from equipment renewal policies and the push for new energy adoption. The unit volume of aerial work platforms grew steadily and their application scenarios continued to broaden. New support systems saw continuous improvement in penetration rate, driven by policies in water conservancy and underground pipe networks. While the ringlock scaffold market remained on an upward trajectory, sluggish demand and price pressures across the broader industry indicated a further need for market consolidation. In overseas markets, with the in-depth advancement of the Belt and Road initiative, the turnover of China's foreign contracted engineering projects grew by 8% year on year in the first half of 2026. With the acceleration of industrialization in Southeast Asia, the continuous implementation of major infrastructure projects in the Middle East, and robust infrastructure demand in emerging markets such as Africa and Central Asia, the penetration rate of new high-performance equipment such as aerial work platforms continued to rise, leaving ample room for market incremental growth.

In respect of healthcare, China's healthcare industry has currently entered a stage of high-quality development. Driven by an accelerating aging population and rising public health awareness, industry demand has expanded from a "treatment-centered" approach to full life-cycle health management, with eldercare services, chronic disease management, preventive screening and consumer-driven healthcare emerging as major growth engines. On the policy front, the Healthy China 2030 agenda continued to advance, while reforms to medical insurance reimbursement and the normalization of volume-based procurement have been pushing healthcare service providers to innovate and upgrade, shifting from a focus on "revenue generation" to "refined operations". In addition, the development of smart hospitals accelerated, with AI-assisted diagnosis and telemedicine becoming deeply integrated with offline services to reshape the medical treatment process and service boundaries. The healthcare service industry has been fostering a high-quality development landscape in which "public hospitals secure basic care, private institutions offer differentiated services, and the entire chain drives efficiency gains".

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

Since 2026, the Group has, on the one hand, continued to maintain strategic resolve, staying committed to the vision of "making every effort to shape excellent enterprises" and the mission of "integrating global resources and promoting industry development". On the other hand, centered on the "finance + industry" strategy, the Group accelerated internal restructuring and continuously upgraded its strategic pathways to stay attuned with the market environment.

In terms of financial services, the Group remained committed to serving the real economy and real industries, while reinforcing its financial services across "green, technology, digital, inclusive and pension" finance. In terms of "serving industrial development", the Group expanded upward into integrated services and explored downward towards inclusive finance. In terms of "serving urban development", it focused on the development of vibrant regions and cities.

In terms of serving industrial development by expanding upward into integrated services, the Company selected industry leaders and regional leading enterprises as target customers. By integrating both internal and external capabilities, the Company not only catered to B2B corporate needs in debt financing, equity financing, supply chain finance and offshore bond issuance, but also addressed B2C individual needs for entrepreneurs. Building upon this B2B-B2C synergy, the Company comprehensively developed an integrated service capability.

In terms of serving industrial development by exploring downward towards inclusive finance, the Company focused on the demand of SMEs in China for "short-term, small-ticket, frequent, and urgent" financing. It developed a differentiated operational capability with Far East characteristics, integrating elements such as marketing management, operations management, pricing management, asset management, and organizational management, thus driving parallel growth in business size and profitability while maintaining stable asset quality.

In terms of serving urban development by focusing on vibrant regions, in light of the changing dynamics arising from the restructuring of the urban investment and financing system, the Company continued to focus on economically vibrant regions in China, accelerated the expansion of diversified service models, and organically integrated industrial services with financial service. In the first half of the year, the Company developed four major service matrices, namely asset operations, investment attraction, financial empowerment, and urban investment and transformation, with a total of over 200 integrated service projects in the pipeline. In addition, the Company continued to upgrade its urban information system and completed the launch of its business collaboration system, effectively empowering the exploration of new models. Currently, the Company has developed distinctive characteristics in serving urban development.

Industrial operation was centered on Horizon Construction Development and Horizon Healthcare.

Horizon Construction Development remained committed to a market-oriented operational approach, consolidating its operational foundation through lean management and focusing on high-value customers as its core operational strategy to drive steady implementation of the "Three + Three + Three" strategic layout. In the first half of 2026, Horizon Construction Development continued to optimize the operational structure of its domestic operations by implementing refined tiered customer management, deepening ecosystem collaboration with key accounts, and expanding online operations for small and micro customers. It also expanded into new product lines and non-construction sectors to hedge against cyclical fluctuations, and established closed-loop controls across all operational processes to achieve cost reduction and efficiency enhancement. Overseas, it advanced its globalization strategy by targeting regional high-value customers, optimizing its global asset allocation, and increasing investments in high-potential markets such as the Middle East and Southeast Asia to strengthen its localized operational capabilities. Meanwhile, it established service outlets and launched trial operations in Kazakhstan, Morocco and Tanzania. In the first half of 2026, Horizon Construction Development had 544 outlets globally. In particular, it had 467 outlets across 229 cities in mainland China and Hong Kong, China; overseas, it had 77 outlets across 10 countries. In the first half of 2026, although domestic operations faced pressure due to pricing in the domestic construction industry and the leasing market, overseas operations maintained a favorable growth trajectory and remained a key growth driver.

MANAGEMENT DISCUSSION AND ANALYSIS

As the healthcare industry has undergone profound changes, Horizon Healthcare has been making a strategic breakthrough from medical insurance-driven disease diagnosis and treatment services to healthcare services that care for customers across their full-life cycle. It pursued a higher-level, innovation-led development model, aiming to establish itself in a new market position in the new era and become a one-stop health service provider for local communities. Adhering to a patient-centered approach, Horizon Healthcare accurately identified customers' value propositions and reshaped the customer value utility curve to develop its hospitals into new medical institutions characterized by "strong specialty disciplines, comprehensive excellence and one-stop services". In addition, it continued to improve labor productivity, reduce procurement, logistics and property management costs, and deeply integrate AI into the entire process of diagnosis, treatment and customer health management to continuously lower operating costs and improve operational efficiency.

2. ANALYSIS OF FINANCIAL RESULTS

In the first half of 2026, the Group continued to reinforce its operational foundation and enhance management efficiency. By leveraging its resource integration advantages of "finance + industry", the Group achieved steady financial results as a whole.

Financial business grew steadily, and the Group's consolidated profit increased slightly. In the first half of 2026, the financial and advisory segment achieved revenue of RMB12.165 billion, representing a year-on-year increase of 9.69%. Supported by integrated services and the inclusive finance business, the interest yield of the financial business recorded a structural increase. By adopting a customer strategy of "upward and downward while focusing on vibrant regions" and adhering to its consistent and prudent risk management policy, the Group recorded a slight decrease in the non-performing asset ratio in financial services, with asset quality remaining 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 RMB388 million in the first half of 2026. By virtue of the foregoing, in the first half of 2026, the Group's profit for the period attributable to holders of ordinary shares of the Company grew by 2.68% year on year. As of the end of the first half of 2026, the Group's asset-liability ratio decreased by 0.13 percentage point, demonstrating continued optimization in financial structure.

MANAGEMENT DISCUSSION AND ANALYSIS

3. ANALYSIS OF PROFIT AND LOSS

3.1 Analysis of Profit and Loss (Overview)

The Group's total revenue increased by 4.05% year on year, mainly due to a year-on-year increase of 9.69% in revenue from financial services. Gross profit, pre-provision operating profit and profit before tax all moved higher, mainly attributable to the impact of fluctuations in the industrial operation segment offset by the growth in financial services. Profit for the period attributable to holders of ordinary shares was RMB2,221,547,000, representing an increase of 2.68% as compared with the corresponding period of the previous year. The following table sets forth the comparative figures against the corresponding period of 2025.

	For the six months ended 30 June		
	2026	2025	
	RMB'000	RMB'000	Change %
Revenue	**18,038,807**	17,336,455	4.05%
Cost of sales	**(8,454,013)**	(9,686,711)	-12.73%
Gross profit	**9,584,794**	7,649,744	25.30%
Other income/gains[1]	**681,778**	999,844	-31.81%
Selling and administrative expenses	**(4,279,854)**	(3,878,758)	10.34%
Other expenses and losses[1]	**(68,556)**	(45,340)	51.20%
Finance costs	**(468,162)**	(588,066)	-20.39%
Gains and losses on investment in joint ventures/associates	**(90,510)**	172,403	-152.50%
Pre-provision operating profit	**5,359,490**	4,309,827	24.36%
Provision for assets	**(1,261,680)**	(297,902)	323.52%
Profit before tax	**4,097,810**	4,011,925	2.14%
Income tax expense	**(1,837,394)**	(1,823,497)	0.76%
Profit for the period	**2,260,416**	2,188,428	3.29%
Attributable to:			
Holders of ordinary shares of the Company	**2,221,547**	2,163,585	2.68%
Non-controlling interests	**38,869**	24,843	56.46%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

(1) There is a difference in terms of reporting basis 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 and financial liabilities 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 the first half of 2026, the Group recorded a slight increase in consolidated revenue. By virtue of improved operational efficiency, enhanced asset value, and the recovery and disposal of non-performing assets, profit before tax remained generally stable, 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 increase. 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 9.69% and 28.10% year on year, respectively, while the revenue of industrial operation decreased by 5.98% and its gross profit increased by 10.06%. Due to the growth in the performance of financial service, the overall revenue and gross profit of the Group increased by 4.05% and 25.30%, respectively.

(ii) Other income/gains: Other income/gains of the Group, comprising government grants and investment income from equity/debt items, amounted to RMB681,778,000 in the first half of 2026, representing a decrease of 31.81% from RMB999,844,000 in the corresponding period of the previous year. In particular, investment income from private equity-related financial investments increased by RMB148,685,000 year on year. However, due to fluctuations in the fair value of infrastructure investment projects and the expiration of all off-balance-sheet assets, which resulted in a decline in gains from the corresponding holdings of such assets, this line item generally decreased. For a detailed analysis, please refer to item 3.5 of this section.

(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 the first half of 2026, losses on investment in joint ventures/associates amounted to RMB90,510,000, representing a decrease from the gain on investment of RMB172,403,000 in the corresponding period of the previous year, mainly attributable to the decline in 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 RMB48,809,000 and RMB53,448,000, respectively. As reversal of bad debts after write-off represents a deduction of provision, this resulted in an overall reversal of provision for the traditional financial business of RMB4,639,000 for the period, representing a decrease of RMB130,424,000 year on year. To prevent the accumulation or deferral of bad debts in the financial operations of the inclusive finance business, starting from 2025, 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 RMB1,051,030,000, representing an increase of RMB719,666,000 year on year. In addition, reversal of bad debts after write-off for the inclusive finance business amounted to RMB193,511,000, representing an increase of RMB166,598,000 year on 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 RMB70,690,000, representing a decrease of RMB20,045,000 year on year. In conclusion, provisions and losses for interest-earning assets in the financial services totaled RMB923,570,000, representing an increase of RMB663,447,000 year on year.

In respect of industrial operation, the provision incurred by operating entities such as Horizon Healthcare and Horizon Construction Development amounted to RMB338,110,000, representing an increase of RMB300,331,000 year on year, primarily due to the Group's impairment of goodwill of RMB194,733,000 for certain underperforming hospitals. As of 30 June 2026, the goodwill balance of the Group's healthcare segment was nil. The goodwill balance of the Group's other segments was RMB187,256,000, of which goodwill of RMB173,979,000 arose from Horizon Construction Development's acquisition of TH Tong Heng Machinery Sdn. Bhd. in 2025.

(v) Taking into account the above factors, the profit before tax of the Group for the first half of 2026 increased slightly by 2.14% year on year.

(vi) In the first half of 2026, the effective tax rate of the Group's business entities remained generally stable as compared with the corresponding period of 2025. The consolidated effective tax rate decreased from 45.5% in the first half of 2025 to 44.8% in the first half of 2026. For a detailed analysis, please refer to item 3.11 of this section.

Due to the steady growth of the Group's financial business, the profit before tax of the Group for the first half of 2026 amounted to RMB4,097,810,000, representing a year-on-year increase of 2.14%. Profit for the period amounted to RMB2,260,416,000, representing a year-on-year increase of 3.29%. Profit for the period attributable to holders of ordinary shares amounted to RMB2,221,547,000, representing a year-on-year increase of 2.68%.

MANAGEMENT DISCUSSION AND ANALYSIS

3.2 Revenue

In the first half of 2026, the Group realized revenue of RMB18,038,807,000, representing a slight increase from RMB17,336,455,000 in the corresponding period of the previous year. In particular, revenue (before taxes and surcharges) from the financial and advisory segment was RMB12,164,692,000, accounting for 67.15% of the total revenue (before taxes and surcharges) and representing an increase of 9.69% as compared with the corresponding period of the previous year. Revenue from the industrial operation segment (before taxes and surcharges) was RMB5,950,619,000, accounting for 32.85% of the total revenue (before taxes and surcharges), representing a decrease of 5.98% as compared with the corresponding period of 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 six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Financial and advisory segment	**12,164,692**	**67.15%**	11,090,499	63.67%	9.69%
Financial services (interest income)	**11,621,542**	**64.15%**	10,657,250	61.18%	9.05%
Advisory services (fee income)	**543,150**	**3.00%**	433,249	2.49%	25.37%
Industrial operation segment	**5,950,619**	**32.85%**	6,328,829	36.33%	-5.98%
Revenue from equipment operation	**4,024,060**	**22.21%**	4,350,062	24.97%	-7.49%
Revenue from healthcare operation	**1,692,800**	**9.34%**	1,810,060	10.39%	-6.48%
Others	**233,759**	**1.29%**	168,707	0.97%	38.56%
Total	**18,115,311**	**100.00%**	17,419,328	100.00%	4.00%
Taxes and surcharges	**(76,504)**		(82,873)		-7.69%
Revenue (after taxes and surcharges)	**18,038,807**		17,336,455		4.05%

In the first half of 2026, the Group realized revenue of RMB18,038,807,000, representing a slight increase from RMB17,336,455,000 in the corresponding period of 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 9.69% in revenue. Due to changes in the market environment and intensified competition, the contribution from the industrial operation segment decreased for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue (before taxes and surcharges) from the financial and advisory segment was RMB12.165 billion, accounting for 67.15% of the total revenue (before taxes and surcharges). In particular, interest income contribution from the inclusive finance business amounted to RMB2.710 billion (first half of 2025: RMB1.451 billion), accounting for 15.02% of the total revenue (first half of 2025: 8.34%). 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 RMB5.951 billion, representing a decrease of 5.98% as compared with the corresponding period of the previous year. In particular, Horizon Construction Development realized a revenue of RMB4.024 billion, representing a decrease of 7.49% as compared with the corresponding period of the previous year; Horizon Healthcare realized a revenue of RMB1.693 billion, representing a decrease of 6.48% as compared with the corresponding period of the previous year.

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 9.05% from RMB10,657,250,000 for the first half of 2025 to RMB11,621,542,000 for the first half of 2026, accounting for 64.15% 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 six months ended 30 June					
	2026			2025		
	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	**277,259,289**	**11,621,542**	**8.38%**	263,633,522	10,657,250	8.08%

Notes:

(1) Calculated based on the average balance of interest-earning assets at the beginning and end of the periods 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, presented on an annualized basis.

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis according to average balance of interest-earning assets

In the first half of 2026, the average balance of interest-earning assets of the Group was RMB277,259,289,000, which maintained a stable increase as compared to RMB263,633,522,000 in the first half of 2025. In particular, the inclusive finance business achieved steady growth, and its average balance of interest-earning assets increased from RMB19,720 million in the first half of 2025 to RMB31,907 million in the first half of 2026, representing an increase of 61.80%.

Analysis according to average yield

In the first half of 2026, the average yield of the Group was 8.38%, representing a slight increase from 8.08% as compared to the corresponding period of the previous year, which was due to the combination of the following: (i) Traditional finance business' comprehensive services promoted customer stickiness and income stability: in response to a complex business environment, the Group strategically opted for safer and more reliable whitelisted customers and customers from economically vibrant regions. As a result, client tiers and asset quality improved, achieving business growth, while the yield experienced a slight decline, leading to a decrease in the overall average yield of interest-earning assets of the Group by 0.25%. (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 than traditional finance business in general. As inclusive finance's business model matured and its share of the portfolio further increased, its contribution to driving the Group's overall financial services became increasingly evident, leading to an increase in the overall average yield of interest-earning assets by 0.55%.

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

	For the six months ended 30 June			
	2026		2025	
	RMB'000	% of total	RMB'000	% of total
Northeast China	**287,904**	**2.48%**	302,045	2.83%
Northern China	**1,196,611**	**10.30%**	1,145,842	10.75%
Eastern China	**5,806,484**	**49.96%**	5,147,142	48.30%
Southern China	**899,048**	**7.74%**	622,558	5.84%
Central China	**1,809,059**	**15.57%**	1,762,626	16.54%
Northwest China	**525,260**	**4.52%**	634,114	5.95%
Southwest China	**1,097,176**	**9.43%**	1,042,923	9.79%
Total	**11,621,542**	**100.00%**	10,657,250	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

3.2.2 Revenue from the Industrial Operation Segment

Revenue from the industrial operation segment (before taxes and surcharges) of the Group decreased by RMB378,210,000 from RMB6,328,829,000 for the first half of 2025 to RMB5,950,619,000 for the first half of 2026, accounting for 32.85% 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 six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Revenue from the industrial operation segment	**5,950,619**	**100.00%**	6,328,829	100.00%	-5.98%
Of which:					
Revenue from equipment operation[1]	**4,024,060**	**67.62%**	4,350,062	68.73%	-7.49%
Revenue from hospital operation[2]	**1,692,800**	**28.45%**	1,810,060	28.60%	-6.48%

Notes:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

3.3 Cost of Sales

In the first half of 2026, the cost of sales of the Group decreased by 12.73% from RMB9,686,711,000 in the corresponding period of the previous year to RMB8,454,013,000, of which the cost of the financial and advisory segment was RMB3,992,748,000, accounting for 47.23% of the total costs and representing a decrease of 15.25% from RMB4,711,141,000 in the corresponding period of the previous year. The cost of the industrial operation segment was RMB4,461,265,000, accounting for 52.77% of the total costs and representing a decrease of 10.34% from RMB4,975,570,000 in the corresponding period of 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 six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Cost of the finance and advisory segment	**3,992,748**	**47.23%**	4,711,141	48.64%	-15.25%
Cost of the industrial operation segment	**4,461,265**	**52.77%**	4,975,570	51.36%	-10.34%
Cost of equipment operation	**2,903,598**	**34.35%**	3,409,395	35.20%	-14.84%
Cost of hospital operation	**1,399,820**	**16.56%**	1,469,490	15.17%	-4.74%
Others	**157,847**	**1.87%**	96,685	1.00%	63.26%
Cost of sales	**8,454,013**	**100.00%**	9,686,711	100.00%	-12.73%

MANAGEMENT DISCUSSION AND ANALYSIS

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 borrowings 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 six months ended 30 June					
	2026			2025		
	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	**238,748,633**	**3,992,748**	**3.34%**	234,121,864	4,711,141	4.02%

Notes:

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

(2) Calculated by dividing interest expense by the average balance of interest-bearing liabilities, presented on an annualized basis.

The cost of sales of the financial and advisory segment decreased by RMB718,393,000 from RMB4,711,141,000 for the first half of 2025 to RMB3,992,748,000 for the first half of 2026. The average cost rate of the Group decreased significantly to 3.34% for the first half of 2026 as compared to that for the first half of 2025, mainly due to:

(i) the continuation of a moderately accommodative stance in the domestic monetary policy in the first half of 2026: leveraging its long-term deep cooperative foundation with banks, the Company actively sought to lower drawdown interest rates, resulting in a continuation of the downward trend in 2025 and a further significant decrease in domestic bank financing costs. New drawdowns from domestic banks led to a decrease of 0.151% in the average cost rate as compared to the first half of 2025; (ii) the reduction in the cost of outstanding liabilities: certain high-cost liabilities previously incurred matured in batches in the first half of 2026, leading to a decrease of 0.428% in the average cost rate as compared to the first half of 2025; (iii) generally favorable conditions with periodic fluctuations in the bond market in the first half of 2026: the Company seized market windows to optimize its issuance arrangement and broaden various investor outreaches. It successively completed the issuance of various products such as corporate bonds, medium-term notes, super short-term financial bonds and asset-backed securities with repeated record-low issuance rates, which reduced the average cost rate by 0.091% as compared to the first half of 2025; (iv) active communication with foreign banks: new drawdowns from overseas banks resulted in a decrease of 0.006% in the average cost rate as compared to the first half of 2025.

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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 was 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 six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Cost of the industrial operation segment	4,461,265	100.00%	4,975,570	100.00%	-10.34%
Of which:					
Cost of equipment operation[1]	2,903,598	65.08%	3,409,395	68.52%	-14.84%
Cost of hospital operation[2]	1,399,820	31.38%	1,469,490	29.53%	-4.74%

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.

MANAGEMENT DISCUSSION AND ANALYSIS

3.4 Gross Profit

The gross profit of the Group for the first half of 2026 increased by RMB1,935,050,000 or 25.30% to RMB9,584,794,000 from RMB7,649,744,000 in the corresponding period of the previous year. For the first half of 2026 and the first half of 2025, the gross profit margin of the Group was 53.13% and 44.13%, 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 six months ended 30 June		
	2026	2025	
	RMB'000	RMB'000	Change %
Interest income[1]	**11,621,542**	10,657,250	9.05%
Interest expense[2]	**3,992,748**	4,711,141	-15.25%
Net interest income	**7,628,794**	5,946,109	28.30%
Average yield of interest-earning assets	**8.38%**	8.08%	0.30%
Average cost rate of interest-bearing liabilities	**3.34%**	4.02%	-0.68%
Net interest spread[3]	**5.04%**	4.06%	0.98%
Net interest margin[4]	**5.50%**	4.51%	0.99%

Notes:

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

(2) Interest expense refers to the borrowing cost of the financial services 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, presented on an annualized basis. The average cost rate is calculated by dividing interest expense by the average balance of the interest-bearing liabilities, presented on an annualized basis.

(4) Calculated by dividing net interest income by the average balance of interest-earning assets, presented on an annualized basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Net interest spread of the Group for the first half of 2026 increased by 98 basis points to 5.04% as compared with the corresponding period of 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 rate of interest-bearing liabilities. This demonstrates the simultaneous improvement of operational capabilities of the Group in both assets and liabilities.

In the first half of 2026, under the Group's strategy of prudent operation and risk control, the net interest income of financial services increased by 28.30%, while the average balance of interest-earning assets grew steadily, and thus the net interest margin improved significantly.

3.4.2 Gross Profit of the Industrial Operation Segment

	For the six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Gross profit of the industrial operation segment	**1,489,354**	**100.00%**	1,353,259	100.00%	10.06%
Of which:					
Gross profit of equipment operation[(1)]	**1,120,462**	**75.23%**	940,667	69.51%	19.11%
Gross profit margin of equipment operation	**27.84%**		21.62%		6.22%
Gross profit of hospital operation[(2)]	**292,980**	**19.67%**	340,570	25.17%	-13.97%
Gross profit margin of hospital operation	**17.31%**		18.82%		-1.51%

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 six months ended 30 June		
	2026	2025	
	RMB'000	RMB'000	Change %
Equity and debt investment income[1]	**438,094**	555,748	-21.17%
Of which: financial investments related to private equity funds	**388,634**	239,949	61.97%
Government grants[2]	**118,527**	122,628	-3.34%
Bank interest income	**50,822**	96,574	-47.38%
Gains from structured financial products	**98**	18,978	-99.48%
Income from the holdings of off-balance-sheet assets[3]	**–**	42,321	-100.00%
Other income[4]	**74,237**	163,595	-54.62%
Total	**681,778**	999,844	-31.81%

Notes:

(1) 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 RMB140 million (first half of 2025: RMB190 million).

(2) The Group's government grants for the period mainly consisted of business operation incentives for Horizon Construction Development of approximately RMB80 million.

(3) 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. Since the end of 2025, the Group has had no outstanding off-balance-sheet assets.

(4) The Group's other income for the period mainly consisted of gains from the disposal of subsidiaries of RMB30 million and gains from the disposal of fixed assets of RMB10 million.

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3.6 Selling and Administrative Expenses

Selling and administrative expenses of the Group for the first half of 2026 were RMB4,279,854,000, representing an increase of RMB401,096,000 or 10.34% from the corresponding period of the previous year, indicating an overall increase. Selling and administrative expenses in relation to financial services recorded a year-on-year increase of RMB446,592,000, 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 RMB45,496,000, mainly due to the decrease of RMB53,560,000 in the healthcare operation segment.

The cost to income ratio of the Group for the first half of 2026 decreased to 44.65%, representing a decrease from 50.70% for the corresponding period of the previous year. The cost to income ratio of financial services was 41.07%, representing a decrease from 41.62% for the corresponding period of the previous year, mainly due to the increase in gross profit and a significant improvement in operating efficiency. The cost to income ratio of industrial operation decreased, mainly due to cost reduction and efficiency increase in the equipment and healthcare segments, decreasing the cost to income ratio to 65.34% for the period from 80.62% in the first half of 2025.

3.7 Other Expenses and Losses

Other expenses and losses of the Group for the first half of 2026 amounted to RMB68,556,000, representing an increase of 51.20% as compared to RMB45,340,000 in the corresponding period of the previous year, which was mainly due to the increase in foreign exchange losses.

3.8 Finance Costs

Finance costs of the Group for the first half of 2026 amounted to RMB468,162,000, representing a decrease of 20.39% as compared to RMB588,066,000 in the corresponding period of 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 for the first half of 2026 amounted to RMB5,359,490,000, representing an increase of RMB1,049,663,000 or 24.36% as compared with the corresponding period of the previous year. The pre-provision operating profit of the industrial operation segment increased. In particular, the domestic business of Horizon Construction Development focused on stability while accelerating its expansion into overseas markets, and its pre-provision operating profit amounted to RMB116,923,000, representing an increase of RMB249,443,000 as compared to the corresponding period of 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, the gradual expansion of the size of industrial operation, and the improvement in internal operating efficiency in the future, the pre-provision operating profit of the Group will maintain steady growth.

MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended 30 June				
	2026		2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Provision for interest-earning assets of the traditional business[1]	48,809	3.88%	160,333	53.82%	-69.56%
Reversal of interest-earning assets after write-off for the traditional business[1]	(53,448)	-4.24%	(295,396)	-99.16%	-81.91%
Write-off losses on interest-earning assets of the inclusive business[1]	1,051,030	83.30%	331,364	111.23%	217.18%
Reversal of interest-earning assets after write-off for the inclusive business[1]	(193,511)	-15.34%	(26,913)	-9.03%	619.02%
Other provisions for interest-earning assets of the inclusive business[1]	70,690	5.60%	90,735	30.46%	-22.09%
Provision for accounts receivable[2]	74,879	5.93%	(92,915)	-31.19%	N/A
Provision for other receivables[2]	83,899	3.48%	(31,055)	-10.42%	N/A
Provision for fixed assets	(5,504)	-0.44%	–	–	N/A
Provision for investment in joint ventures/associates	61,461	4.87%	179,065	60.11%	-65.68%
Provision for goodwill[3]	194,738	15.43%	–	–	N/A
Provision for credit commitments[4]	(13,095)	-1.04%	(35,069)	-11.77%	-62.66%
Other provisions	(58,268)	-1.43%	17,753	5.96%	N/A
Total	1,261,680	100.00%	297,902	100.00%	323.52%

MANAGEMENT DISCUSSION AND ANALYSIS

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 during the first half of 2026. For financial services, provision and reversal of bad debts after write-off for the traditional financial business amounted to RMB48,809,000 and RMB53,448,000, 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 RMB4,639,000, representing a decrease of RMB130,424,000 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 RMB1,051,030,000, representing an increase of RMB719,666,000 as compared with the previous year. In addition, reversal of bad debts after write-off for the inclusive finance business amounted to RMB193,511,000, representing an increase of RMB166,598,000 as compared with the corresponding period of 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 RMB70,690,000, representing a decrease of RMB20,045,000 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 2025, which supplemented and optimized the blacklisted customer management system accordingly. During the corresponding period of the previous year, 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 a reversal of provision during the corresponding period of the previous year.

(3) Provision for goodwill is mainly the Group's goodwill impairment provision of RMB195 million for certain subsidiaries with lower-than-expected profits in the hospital operation segment. As of 30 June 2026, the balance of goodwill for the Group's healthcare segment amounted to zero. The balance of goodwill for the Group's remaining segments amounted to RMB187,256,000, of which the goodwill generated from the acquisition of TH Tong Heng Machinery Sdn. Bhd. by Horizon Construction Development amounted to RMB173,979,000.

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

3.11 Income Tax Expense

Income tax expense of the Group for the first half of 2026 was RMB1,837,394,000, representing an increase of RMB13,897,000 or 0.76% from the corresponding period of the previous year. The effective income tax rate of the Group for the first half of 2026 decreased to 44.8% from the corresponding period of the previous year.

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

	For the six months ended 30 June		
	2026	2025	Change %
Domestic statutory tax rate	**25.0%**	25.0%	–
Cross-border business withholding tax[(1)]	**4.0%**	4.4%	-0.4%
Tax losses of certain operating entities within the Group	**11.9%**	14.2%	-2.3%
Others	**3.9%**	1.9%	2.0%
Total	**44.8%**	45.5%	-0.7%

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 period attributable to holders of ordinary shares of the Company was RMB2,221,547,000, which increased by RMB57,962,000 or 2.68% from the corresponding period of the previous year.

3.13 Basic Earnings per Share

Basic earnings per share for the current period amounted to RMB0.47, representing a decrease of RMB0.04 or 8.12% from the corresponding period of the previous year.

	For the six months ended 30 June		
	2026	2025	Change %
Profit for the period attributable to holders of ordinary shares of the Company (RMB'000)	**2,221,547**	2,163,585	2.68%
Weighted average number of ordinary shares outstanding during the period (share)	**4,737,217,820**	4,239,083,563	11.75%
Basic earnings per share (RMB)	**0.47**	0.51	-8.12%

As of 30 June 2026, the outstanding portion of the convertible bonds issued by the Group in July 2020 and June 2021 was converted. As a result of the conversion of convertible bonds to 430 million shares in the corresponding period of the previous year, the weighted average number of ordinary shares of the Company during the first half of 2026 increased by 11.75% from the corresponding period of the previous year. Therefore, despite the profit for the period attributable to holders of ordinary shares of the Company increasing by 2.68% for the period as compared with the corresponding period of the previous year, the basic earnings per share decreased by 8.12% as compared to the corresponding period of the previous year, while the diluted earnings per share remained the same as the corresponding period of 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 30 June 2026, the total assets of the Group increased by RMB2,262,459,000 or 0.61% from the end of the previous year to RMB373,223,828,000. Net interest-earning assets increased by RMB10,424,924,000 or 3.83% from the end of the previous year to RMB282,471,751,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Loans and accounts receivable	**283,846,142**	**76.04%**	273,519,543	73.73%	3.78%
Of which: interest-earning assets	**275,199,256**	**73.74%**	264,313,474	71.25%	4.12%
Cash and cash equivalents	**16,225,208**	**4.35%**	21,375,169	5.76%	-24.09%
Restricted deposits	**10,495,490**	**2.81%**	10,439,383	2.81%	0.54%
Prepayment and other accounts receivable	**3,873,952**	**1.04%**	4,191,536	1.13%	-7.58%
Deferred income tax assets	**6,664,112**	**1.79%**	6,232,591	1.68%	6.92%
Property, plant and equipment	**24,773,897**	**6.64%**	25,596,257	6.90%	-3.21%
Investment in joint ventures/associates	**9,556,480**	**2.56%**	10,178,764	2.74%	-6.11%
Financial assets at fair value through profit or loss	**13,715,889**	**3.67%**	14,193,789	3.83%	-3.37%
Of which: interest-earning assets	**917,609**	**0.25%**	1,377,671	0.37%	-33.39%
Financial assets at fair value through other comprehensive income	**370,534**	**0.10%**	260,855	0.07%	42.05%
Derivative financial instruments	**82,100**	**0.02%**	320,608	0.09%	-74.39%
Inventories	**569,883**	**0.15%**	597,726	0.16%	-4.66%
Contract assets	**580,255**	**0.16%**	660,263	0.18%	-12.12%
Goodwill	**187,256**	**0.05%**	368,716	0.10%	-49.21%
Right-of-use assets	**2,157,969**	**0.58%**	2,300,196	0.62%	-6.18%
Investment property	**–**	**–**	9,829	0.00%	-100.00%
Other assets	**124,661**	**0.04%**	716,144	0.20%	-82.59%
Total assets	**373,223,828**	**100.00%**	370,961,369	100.00%	0.61%

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
1) Financial services					
Interest-earning assets	**276,116,865**	**73.98%**	265,691,145	71.62%	3.92%
Of which: inclusive finance	**35,109,650**	**9.41%**	27,725,183	7.47%	26.63%
2) Industrial operation					
Equipment operation segment	**35,802,004**	**9.59%**	36,368,347	9.80%	-1.56%
Hospital operation segment	**5,705,565**	**1.53%**	6,159,430	1.66%	-7.37%
3) Other public assets of the Group (excluding industrial operation)					
Cash and cash equivalents	**14,621,055**	**3.92%**	19,673,317	5.30%	-25.68%
Restricted deposits	**10,243,819**	**2.74%**	10,333,142	2.79%	-0.86%
Infrastructure investment projects	**7,221,990**	**1.94%**	7,110,644	1.92%	1.57%
Deferred income tax assets	**6,082,702**	**1.63%**	5,740,304	1.55%	5.96%
Property, plant and equipment and right-of-use assets	**1,659,830**	**0.44%**	1,737,371	0.47%	-4.46%
Investment in investees, associates and joint ventures[(1)]	**14,483,955**	**3.88%**	15,060,943	4.06%	-3.83%
Derivative financial instruments, such as interest rate and foreign exchange swaps	**82,100**	**0.02%**	320,608	0.09%	-74.39%
Other assets[(2)]	**1,203,943**	**0.33%**	2,766,118	0.73%	-56.48%
Total assets	**373,223,828**	**100.00%**	370,961,369	100.00%	0.61%

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 73.98% of the Group's total assets as at 30 June 2026. In the first half of 2026, 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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets					
Included in loans and accounts receivable	281,546,156	99.67%	270,657,286	99.49%	4.02%
Included in financial assets at fair value through profit or loss	925,595	0.33%	1,389,541	0.51%	-33.39%
Total net interest-earning assets	282,471,751	100.00%	272,046,827	100.00%	3.83%
Provision for loans and accounts receivables	(6,346,900)		(6,343,812)		0.05%
Provision for financial assets at fair value through profit or loss	(7,986)		(11,870)		-32.72%
Less: total provision for interest-earning assets	(6,354,886)		(6,355,682)		-0.01%
Net interest-earning assets	276,116,865		265,691,145		3.92%

MANAGEMENT DISCUSSION AND ANALYSIS

4.2.1 Loans and Accounts Receivable

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets included in loans and accounts receivable	**275,199,256**	**96.95%**	264,313,474	96.63%	4.12%
Others[1]	**8,646,886**	**3.05%**	9,206,069	3.37%	-6.07%
Net loans and accounts receivable	**283,846,142**	**100.00%**	273,519,543	100.00%	3.78%

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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].

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Healthcare	11,858,385	4.20%	14,091,124	5.18%	-15.85%
Culture & tourism	38,389,894	13.59%	35,700,324	13.12%	7.53%
Engineering construction	37,182,062	13.16%	39,830,213	14.64%	-6.65%
Machinery manufacturing	25,506,252	9.03%	21,956,976	8.07%	16.16%
Chemical & medicine	21,925,262	7.76%	17,605,462	6.47%	24.54%
Electronic information	11,011,971	3.90%	10,855,200	3.99%	1.44%
Public consuming	31,573,392	11.18%	29,444,805	10.82%	7.23%
Transportation & logistics	21,257,366	7.53%	21,365,177	7.85%	-0.50%
Urban public utility	83,767,167	29.65%	81,197,546	29.86%	3.16%
Total	282,471,751	100.00%	272,046,827	100.00%	3.83%

Notes:

(1) Interest-earning assets for chemical & medicine, machinery manufacturing, public consuming, culture & tourism and other industries among the target industries of the Group maintained faster growth in the first half of 2026, which was attributable to (i) the Group's business expansion and in-depth exploration of the 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 30 June 2026, 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 30 June 2026, the net interest-earning assets of the Group's inclusive finance business amounted to RMB35,634 million, which maintained stable growth as compared to RMB28,179 million as at 31 December 2025. For the details of the inclusive finance business, please refer to the discussion and analysis in item 15 of this section.

MANAGEMENT DISCUSSION AND ANALYSIS

4.2.3 Net Interest-earning Assets by Region

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

	30 June 2026		31 December 2025	
	RMB'000	% of total	RMB'000	% of total
Northeast China	5,509,608	1.95%	5,566,886	2.05%
Northern China	29,473,002	10.43%	27,582,444	10.14%
Eastern China	140,650,266	49.80%	136,434,383	50.15%
Southern China	22,825,600	8.08%	19,275,152	7.09%
Central China	40,792,738	14.44%	42,113,588	15.48%
Northwest China	13,466,854	4.77%	12,177,399	4.48%
Southwest China	29,753,683	10.53%	28,896,975	10.61%
Total	282,471,751	100.00%	272,046,827	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025	
	RMB'000	% of total	RMB'000	% of total
Northeast China	**793,330**	**0.95%**	424,477	0.52%
Northern China	**7,026,729**	**8.39%**	6,319,335	7.78%
Eastern China	**43,036,849**	**51.38%**	42,926,056	52.87%
Southern China	**5,759,778**	**6.87%**	4,340,723	5.35%
Central China	**13,461,133**	**16.07%**	12,919,992	15.91%
Northwest China	**3,264,103**	**3.90%**	3,555,910	4.38%
Southwest China	**10,425,245**	**12.44%**	10,711,053	13.19%
Total	**83,767,167**	**100.00%**	81,197,546	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Net interest-earning assets					
Within 1 year	**183,467,074**	**64.95%**	181,199,396	66.61%	1.25%
1 to 2 years	**74,465,368**	**26.36%**	65,973,235	24.25%	12.87%
2 to 3 years	**16,587,647**	**5.87%**	15,000,594	5.51%	10.58%
3 years and beyond	**7,951,662**	**2.82%**	9,873,602	3.63%	-19.47%
Total	**282,471,751**	**100.00%**	272,046,827	100.00%	3.83%

Net interest-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 30 June 2026, net interest-earning assets within one year as set out in the table above represented 64.95% of net interest-earning assets of the Group, which decreased slightly as compared to the end of the previous year, indicating that the Group still maintained steady flows of interest-earning assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Maturity date					
Within 1 year	**158,353,568**	**56.07%**	154,494,031	56.79%	2.50%
1 to 2 years	**87,636,643**	**31.02%**	83,031,995	30.52%	5.55%
2 to 3 years	**32,549,417**	**11.52%**	29,861,432	10.98%	9.00%
3 years and beyond	**3,932,123**	**1.39%**	4,659,369	1.71%	-15.61%
Total	**282,471,751**	**100.00%**	272,046,827	100.00%	3.83%

Net interest-earning assets due within one year represent net interest-earning assets which the Group will receive within one year of the reporting date indicated. As at 30 June 2026, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 period. 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 is 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 to suspect that the interest-earning assets will be impaired.

Special mention. Even though the debtor is 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 the Group is 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the first half of 2026, amid the complex environment characterized by macroeconomic structural adjustments and divergent industry risks, the Group, guided by strategic upgrading, continued to refine its governance and control architecture, featuring centralized management by the asset center alongside hierarchical, classified, and vertically penetrating supervision. Adhering to the principle of "early detection, early decision-making, and early disposition", the Group established a full-chain risk prevention system covering early warning monitoring, disposition and cash recovery. During the Reporting Period, asset quality remained sound, with the non-performing asset ratio showing a steady trend with a slight decline and the provision coverage ratio staying at a high level, providing a solid safeguard for the Group's prudent operation.

Enhancing organizational independence and professional specialization to build an end-to-end asset control system

Serving as an independent and pivotal link in its business chain, the Group's asset management function has consistently upheld the full-process closed-loop management principle of "independent inspection, independent decision-making, and independent disposition". The team was structured into two functional pillars, consisting of risk monitoring and asset disposition, with a professional monitoring team of over 70 members and a dedicated disposition team of nearly 100 members. It achieved nationwide coverage through grid-based management to ensure a rapid 3-hour response, while implementing a flattened structure and a fast-track approval mechanism, enabling major project proposals to reach the decision-making level directly. By streamlining and optimizing approval nodes, the Group fostered efficient collaboration and swift response, laying a solid organizational foundation for maintaining sound asset quality.

Deepening the "human-machine co-governance" early warning model to strengthen risk identification and predictive capabilities

Adhering to the principle of "early detection, early decision-making, and early disposition", the Group has established an intelligent early warning and defense system powered by human-machine collaboration. By categorizing and tiering its transacted customer base, the Company formulated quarterly, semi-annual, and annual inspection plans tailored to specific customer profiles. In parallel, the early warning system continuously gathered data on overdue payments, industrial and commercial registrations, judicial rulings, and public sentiment on a 24/7 basis, enabling the Company to dynamically update daily customer risk profiles. Through the rigorous inspection and early warning regime, the Company maintained real-time visibility into changes in the core assets of its customers. In the event of any default, the disposition team was well-positioned to deploy targeted interventions to effectively mitigate project losses and maximize asset recovery.

MANAGEMENT DISCUSSION AND ANALYSIS

Innovating diversified disposition approaches to enhance asset recovery and value management capabilities

The Group has further enriched its asset disposition toolkit. To address distressed assets, the Group maintained a long-term dual-track operational framework combining high-frequency on-site recovery and legal litigation, while placing particular emphasis on leveraging legal remedies to safeguard its rights. With rigorous operational procedures and meticulous evidentiary preparation, the Group earned strong recognition from local courts across jurisdictions. Furthermore, leveraging its integrated industrial service and operational capabilities, the Group revitalized underperforming assets, coordinated and integrated stakeholder resources, and broadened recovery channels across multiple dimensions. Meanwhile, for legacy bad debts, it consistently adhered to the principle of "retaining case tracking post-write-off to ensure maximum recovery", continuously enhancing the recovery efficiency and value optimization of non-performing assets.

Establishing a scientific and quantified incentive mechanism to unleash the core operational capabilities of the asset management team

The Group continuously refined the customer value model for its asset management team, evaluating disposition contributions through a quantitative metric that multiplies recovery percentage points by difficulty coefficients. Coupled with a net revenue-based bonus structure, this created a dual-incentive framework that effectively addressed the industry challenge of quantifying asset recovery performance. For major and complex projects, the Group implemented list-based management alongside real-time incentives, ensuring well-defined goals and prompt rewards. Meanwhile, supported by specialized training programmes and standardized operational manuals, the Group consistently sharpened the execution capabilities of its team, maintaining industry-leading talent density and professional expertise to provide solid human capital support for its asset management operations.

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

	30 June 2026		31 December 2025		31 December 2024		31 December 2023	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Pass	**264,377,443**	**93.59%**	254,297,592	93.47%	243,298,013	93.35%	250,225,686	92.99%
Special mention	**15,306,805**	**5.42%**	14,959,413	5.50%	14,553,198	5.58%	16,066,847	5.97%
Substandard	**1,080,389**	**0.38%**	1,158,147	0.43%	1,091,725	0.42%	1,484,565	0.55%
Doubtful	**1,707,114**	**0.61%**	1,631,675	0.60%	1,698,395	0.65%	1,307,641	0.49%
Loss	**–**	**–**	–	–	–	–	–	–
Net interest-earning assets	**282,471,751**	**100.00%**	272,046,827	100.00%	260,641,331	100.00%	269,084,739	100.00%
Non-performing assets	**2,787,503**		2,789,822		2,790,120		2,792,206	
Non-performing asset ratio	**0.99%**		1.03%		1.07%		1.04%	

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The Group has established a prudent asset quality control policy and adhered to a stringent and conservative asset classification policy. As at 30 June 2026, the Group's assets under special mention accounted for 5.42% of its net interest-earning assets, representing a decrease of 0.08 percentage point from 5.50% at the end of 2025. 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 21.49% of the total assets under special mention. The proportion of assets under special mention in the segment was 3.93%, which was lower than the proportion of the overall assets under special mention of the Group. Performing essential urban infrastructure functions, the segment exhibits strong, inelastic demand and stable long-term growth prospects. However, it features high capital intensity, substantial investment scale, long payback periods, and relatively rigid operating costs. Compounded by a slowdown in the disbursement of government subsidies that constrained operating cash flows for certain customers, potential uncertainty was introduced to their short-term solvency. 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 cultural & tourism industry accounted for 18.10% of the total assets under special mention. The proportion of assets under special mention in the segment was 7.22%, which was higher than the proportion of the overall assets under special mention of the Group. While the segment demonstrated broad long-term growth prospects, private education customers faced persistent student enrollment pressures amid declining birth rates. Meanwhile, catering and hospitality customers experienced lower-than-expected revenues due to weakening consumer sentiment. Compounded by the segment's inherent characteristics of substantial upfront fixed-asset investments and long payback periods, short-term cash flows for certain customers were exposed to volatility risks. 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 public consuming industry accounted for 11.40% of the total assets under special mention. The proportion of assets under special mention in the segment was 5.53%, which was slightly higher than the proportion of the overall assets under special mention of the Group. The segment was affected by sluggish consumer demand and intensifying industry competition, with certain export-oriented customers impacted by external trade policies. Compounded by risk exposures involving actual controllers of individual customers, financing capabilities were impaired, leading to a decline in their overall debt service capabilities. 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 11.27% of the total assets under special mention. The proportion of assets under special mention in the segment was 4.64%, which was lower than the proportion of the overall assets under special mention of the Group. As a key pillar of the national economy, the segment is supported by solid long-term fundamentals. However, affected by complex payment chains and obstructed payment pathways in engineering projects, certain projects faced frequent short-term payment delays. Meanwhile, squeezed by both narrowing profit margins and bad debt provisions, certain customers exhibited a high concentration of accounts receivable, introducing uncertainties to their short-term liquidity turnover. 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.

	30 June 2026		31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Healthcare	1,478,994	9.66%	1,976,746	13.21%	1,947,346	13.38%
Culture & tourism	2,769,886	18.10%	2,659,871	17.78%	2,469,198	16.97%
Engineering construction	1,725,593	11.27%	1,683,702	11.26%	1,709,770	11.75%
Machinery manufacturing	1,572,972	10.28%	1,098,469	7.34%	596,070	4.10%
Chemical & medicine	1,363,915	8.91%	1,079,477	7.22%	389,683	2.68%
Electronic information	810,960	5.30%	744,490	4.98%	659,570	4.53%
Public consuming	1,745,708	11.40%	1,383,159	9.25%	574,950	3.95%
Transportation & logistics	549,799	3.59%	674,639	4.51%	760,853	5.23%
Urban public utility	3,288,978	21.49%	3,658,860	24.45%	5,445,758	37.41%
Total	15,306,805	100.00%	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.

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

	30 June 2026	30 June 2025	31 December 2025	31 December 2024	31 December 2023
	% of total	% of total	% of total	% of total	% of total
Pass	2.35%	0.43%	0.18%	0.01%	0.00%
Special mention	56.14%	56.63%	31.80%	31.09%	46.28%
Substandard	3.09%	7.10%	5.51%	6.75%	5.37%
Doubtful	0.70%	1.94%	4.37%	7.99%	1.42%
Loss	3.19%	1.82%	2.59%	3.09%	5.58%
Recovery	34.53%	32.08%	55.55%	51.07%	41.35%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

As at 30 June 2026, the size of non-performing assets was RMB2,788 million, which remained basically flat as compared with the end of last year, and the non-performing asset ratio was 0.99%, which slightly decreased as compared with the end of last 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 58.31% of the total non-performing assets. The proportion of non-performing assets in the segment was 1.94%, which was higher than the proportion of the overall non-performing assets of the Group. The segment is characterized by both public welfare attributes and inelastic demand, resulting in solid fundamentals in the industry. However, affected by regional fiscal tightening and slowed fund disbursements, certain customers faced continued delays in the collection of engineering payments and government subsidies. Compounded by the industry's inherent characteristics of substantial investment scale, low capital turnover efficiency, and high operating costs, certain enterprises in the segment encountered shrinking operating cash flows and strained capital chains, leading to loan defaults. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as substandard and doubtful assets.

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The non-performing assets of the healthcare industry accounted for 10.27% of the total non-performing assets. The proportion of non-performing assets in the segment was 2.41%, which was higher than the proportion of the overall non-performing assets of the Group. Driven by accelerating population aging, health consumption upgrades, and continuous policy support, the segment is underpinned by broad long-term growth prospects. However, affected by healthcare payment reforms and the implementation of normalized centralized procurement, profit margins for certain customers were squeezed. Compounded by extended medical insurance settlement cycles, their debt service capabilities weakened, leading to defaults on scheduled payments. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as substandard and doubtful assets.

The non-performing assets of the culture & tourism industry accounted for 9.26% of the total non-performing assets. The proportion of non-performing assets in the segment was 0.67%, which was lower than the proportion of the overall non-performing assets of the Group. Non-performing assets in the segment were primarily concentrated in private education, where student enrollments contracted continuously under the impact of declining birth rates. Meanwhile, impacted by the dual headwinds of industry overcapacity and a tepid tourism recovery, hotel customers operated under pressure across the segment, with certain independent hotels with substantial upfront capital investments struggling to maintain operations. Compounded by operational failures among individual customers, their cash flows were virtually depleted. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as substandard and doubtful assets.

The non-performing assets of the machinery manufacturing industry accounted for 5.14% of the total non-performing assets. The proportion of non-performing assets in the segment was 0.56%, which was lower than the proportion of the overall non-performing assets of the Group. Certain private customers in the segment were impacted by a downturn in the downstream industries and sluggish demand in sub-segments, resulting in narrowing profit margins. Compounded by historical over-expansion and a high reliance on non-standard financing, their cash flows remained under continuous pressure. In addition, individual customers suffered from corporate governance deficiencies, which impaired their access to financing and ultimately led to a deterioration in their debt service capabilities. Accordingly, the Group prudently reclassified a greater portion of assets in this segment as substandard and doubtful assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Healthcare	286,296	10.27%	361,859	12.97%	416,386	14.92%
Culture & tourism	258,087	9.26%	158,402	5.68%	331,883	11.89%
Engineering construction	91,695	3.29%	110,938	3.98%	162,488	5.82%
Machinery manufacturing	143,267	5.14%	109,138	3.91%	81,444	2.92%
Chemical & medicine	115,061	4.13%	143,320	5.14%	7,065	0.25%
Electronic information	96,619	3.47%	140,549	5.04%	59,038	2.12%
Public consuming	66,034	2.37%	63,413	2.27%	32,545	1.17%
Transportation & logistics	104,706	3.76%	62,108	2.23%	339,798	12.18%
Urban public utility	1,625,738	58.31%	1,640,095	58.78%	1,359,473	48.73%
Total	2,787,503	100.00%	2,789,822	100.00%	2,790,120	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Healthcare	219,844	20.35%	284,346	24.55%	206,125	18.88%
Culture & tourism	244,412	22.62%	129,432	11.18%	213,625	19.57%
Engineering construction	19,405	1.80%	110,938	9.58%	139,891	12.81%
Machinery manufacturing	88,185	8.16%	103,370	8.93%	76,319	6.99%
Chemical & medicine	47,952	4.44%	76,211	6.58%	4,008	0.37%
Electronic information	2,406	0.22%	40,375	3.49%	13,855	1.27%
Public consuming	47,171	4.37%	56,317	4.86%	–	0.00%
Transportation & logistics	56,443	5.22%	33,134	2.86%	112,431	10.30%
Urban public utility	354,571	32.82%	324,024	27.97%	325,471	29.81%
Total	1,080,389	100.00%	1,158,147	100.00%	1,091,725	100.00%

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

	30 June 2026		31 December 2025		31 December 2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Healthcare	66,452	3.89%	77,513	4.75%	210,261	12.38%
Culture & tourism	13,675	0.80%	28,970	1.78%	118,258	6.96%
Engineering construction	72,290	4.23%	–	–	22,597	1.33%
Machinery manufacturing	55,082	3.23%	5,768	0.35%	5,125	0.30%
Chemical & medicine	67,109	3.93%	67,109	4.11%	3,057	0.18%
Electronic information	94,213	5.52%	100,174	6.14%	45,183	2.66%
Public consuming	18,863	1.10%	7,096	0.43%	32,545	1.92%
Transportation & logistics	48,263	2.83%	28,974	1.78%	227,367	13.39%
Urban public utility	1,271,167	74.47%	1,316,071	80.66%	1,034,002	60.88%
Total	1,707,114	100.00%	1,631,675	100.00%	1,698,395	100.00%

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

	30 June 2026		31 December 2025		31 December 2024	
	RMB'000	% of total	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.

	30 June 2026	31 December 2025	31 December 2024
	RMB'000	RMB'000	RMB'000
At the beginning of the period/ year	**2,789,822**	2,790,120	2,792,206
Downgrade[1]	**1,705,511**	2,945,175	3,147,845
Upgrades	**–**	(208,290)	(1,393)
Recoveries	**(536,004)**	(1,331,723)	(2,012,188)
Write-off/transfer-out	**(1,171,826)**	(1,405,460)	(1,136,350)
At the end of the period/year	**2,787,503**	2,789,822	2,790,120
Non-performing asset ratio	**0.99%**	1.03%	1.07%
Non-performing asset formation ratio[2]	**0.43%**	0.54%	0.43%

Notes:

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

(2) Non-performing asset formation ratio = (the balance of non-performing assets at the end of period – the balance of non-performing assets at the beginning of period + write-off/transfer-out of non-performing assets for the period)/(net pass interest-earning assets at the beginning of period + net interest-earning assets under special mention at the beginning of period). In the first half of 2026, the Group's overall non-performing loan formation rate was 0.43%, among which traditional financial business was 0.05% (2025: 0.15%). In addition, since 2025, the inclusive finance business had adopted a write-off policy to write off projects upon 30+ days overdue. In the first half of 2026, bad debt write-offs amounted to RMB1,051,030,000 (2025: RMB1,043,562,000), with a non-performing asset formation ratio of 3.73% (2025: 6.05%), 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	30 June 2026		31 December 2025		31 December 2024		31 December 2023	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Interest-earning assets provisions:								
Provision for non-performing assets	1,419,620	22.34%	1,563,982	24.61%	1,866,617	29.37%	1,683,143	26.49%
Provision for pass and special mention assets	4,935,266	77.66%	4,791,700	75.39%	4,488,823	70.63%	4,671,589	73.51%
Total	6,354,886	100.00%	6,355,682	100.00%	6,355,440	100.00%	6,354,732	100.00%
Non-performing assets	2,787,503		2,789,822		2,790,120		2,792,206	
Provision coverage ratio	227.98%		227.82%		227.78%		227.59%	
Credit cost ratio(1)	0.33%		0.31%		0.30%		0.13%	

Note:

(1) Credit cost ratio = provision for interest-earning assets for the period/average balance of interest-earning assets. In the first half of 2026, the Group's overall credit cost ratio was 0.33%, among which traditional financial business was 0.00% (2025: -0.14%). In addition, as the inclusive finance business focused on lower-tier customers in the long-tail market, the Group raised its provisioning level to ensure safe and stable asset quality. The credit cost ratio for the inclusive finance business was 2.91% (2025: 5.19%), which was higher than the overall level of the Group. For details, please refer to the discussion and analysis in item 15 of this section.

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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.

	30 June 2026	31 December 2025	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Write-off/disposal of non-performing assets	**1,171,826**	1,405,460	1,136,350	1,399,102
Non-performing assets as at the end of last year	**2,789,822**	2,790,120	2,792,206	2,831,337
Write-off ratio(1)	**42.00%**	50.37%	40.70%	49.41%

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.

In the first half of 2026, according to the requirements of the accounting standards, the Group wrote off bad debts of RMB1,171,826,000, which were mainly distributed in the public consuming, machinery manufacturing, culture & tourism and other industries, accounting for RMB372,539,000, RMB265,913,000 and RMB179,849,000, respectively. Among which, the written-off bad debts of the inclusive finance business amounted to RMB1,051,030,000, 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 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 disposal of equipment/pledge, and exerting pressure on guarantors. From 2011 to 30 June 2026, the written-off bad debts amounted to RMB11,010,458,000, and RMB2,990,091,000 had been recovered, representing a point-in-time recovery rate of 27.15%. Among which, the accumulated written-off bad debts of the inclusive finance business amounted to RMB2,525,449,000, with recovered amount of RMB303,451,000, representing a point-in-time recovery rate of 12.01%.

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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.

	30 June 2026	31 December 2025	31 December 2024	31 December 2023
Overdue ratio (over 30 days)	0.81%	0.82%	0.90%	0.91%

The Group adhered to the prudent strategies of risk control and asset management. The Group's overdue ratio (over 30 days) was 0.81% as at 30 June 2026, which slightly decreased as compared to the end of 2025.

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

	30 June 2026		31 December 2025	
	RMB'000	% of total	RMB'000	% of total
Healthcare	154,922	6.78%	178,041	7.94%
Culture & tourism	153,318	6.71%	37,648	1.68%
Engineering construction	166,815	7.30%	33,891	1.51%
Machinery manufacturing	118,260	5.17%	101,339	4.52%
Chemical & medicine	67,109	2.94%	202,672	9.04%
Electronic information	114,482	5.01%	110,181	4.92%
Public consuming	30,946	1.35%	54,616	2.44%
Transportation & logistics	81,967	3.59%	50,266	2.24%
Urban public utility	1,397,483	61.15%	1,473,029	65.71%
Total	2,285,302	100.00%	2,241,683	100.00%

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

	30 June 2026		31 December 2025	
	RMB'000	% of total	RMB'000	% of total
Pass	–	–	–	–
Special mention	446,007	19.52%	376,429	16.79%
Substandard	154,557	6.76%	236,511	10.55%
Doubtful	1,684,738	73.72%	1,628,743	72.66%
Loss	–	–	–	–
Total	2,285,302	100.00%	2,241,683	100.00%

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4.3 Liabilities (Overview)

As at 30 June 2026, total liabilities of the Group amounted to RMB312,106,211,000, representing an increase of RMB1,438,486,000 or 0.46% as compared to the end of last year, among which, the interest-bearing bank and other borrowings were the main component of the Group's total liabilities, accounting for 85.29% of the total, which decreased by 0.63 percentage point as compared to 85.92% as at the end of last year.

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Interest-bearing bank and other borrowings	266,188,806	85.29%	266,919,667	85.92%	-0.27%
Other payables and accruals	30,631,502	9.81%	29,904,723	9.63%	2.43%
Trade and bills payables	8,243,260	2.64%	7,771,420	2.50%	6.07%
Tax payables	1,355,065	0.43%	1,702,395	0.55%	-20.40%
Derivative financial instruments	2,985,300	0.96%	1,312,277	0.42%	127.49%
Deferred tax liabilities	1,095,324	0.35%	1,328,295	0.43%	-17.54%
Deferred revenue	786,973	0.25%	834,805	0.27%	-5.73%
Lease liabilities	819,981	0.27%	894,143	0.28%	-8.29%
Total liabilities	312,106,211	100.00%	310,667,725	100.00%	0.46%

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4.4 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 continuously reducing 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 continuously diversified its issuance offerings, leveraged unique asset characteristics, and optimized its product structure. Since 2026, the Group had issued multiple asset securitization products with the themes of "high-quality development for medium, small and micro enterprises (MSMEs)" and "facilitating high-quality development of tech enterprises", which formed positive synergy with the asset side and fully implemented national high-quality development strategies to support MSMEs and tech enterprises. These issuances gained high market recognition as evidenced by repeatedly record-low issuance rates. In addition, the Group seized a favorable market window in early 2026 to issue USD400 million three-year senior unsecured notes at a relatively low interest rate, 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 drawdown interest rates. In the first half of 2026, the Group secured approximately RMB1.1 billion in bank drawdowns designated for "sustainable development". These funds were utilized to support areas such as renewable energy, sewage treatment and energy efficiency improvements.

In conclusion, the Group has continuously diversified its financing methods, continuously improved the quality of its financing, optimized its debt structure, and continuously reduced financing costs. Through the flexible mobilization of multiple channels, products, markets and currencies, the Group can secure its needs for resources in a 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 30 June 2026, the total sum of the Group's interest-bearing bank and other borrowings amounted to RMB266,188,806,000, representing a decrease of 0.27% as compared with RMB266,919,667,000 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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Current	**132,638,232**	**49.83%**	134,110,938	50.24%	-1.10%
Non-current	**133,550,574**	**50.17%**	132,808,729	49.76%	0.56%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

As at 30 June 2026, 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 49.83%, which decreased as compared to the end of the previous year. 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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Secured	**68,785,506**	**25.84%**	64,988,075	24.35%	5.84%
Unsecured	**197,403,300**	**74.16%**	201,931,592	75.65%	-2.24%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

For the first half of 2026, the Group carefully managed its funding risk. As at 30 June 2026, the proportion of the Group's interest-bearing bank and other borrowings that were unsecured accounted for 74.16% of the Group's total interest-bearing bank and other borrowings, which slightly decreased as compared to the end of the previous year. The Group continuously balanced and aligned its financing needs with financing conditions, thereby securing financing resources that were better tailored to its needs.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Bank loans	**171,196,228**	**64.31%**	171,213,695	64.14%	-0.01%
Other loans	**94,992,578**	**35.69%**	95,705,972	35.86%	-0.75%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

As at 30 June 2026, the proportion of the Group's bank loans as a percentage of the Group's total bank and other loans 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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Domestic	**211,931,862**	**79.62%**	207,399,940	77.70%	2.19%
Overseas	**54,256,944**	**20.38%**	59,519,727	22.30%	-8.84%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

As at 30 June 2026, the proportion of the Group's domestic borrowings and other borrowings as a percentage of the Group's total borrowings was 79.62%, which increased as compared to the end of the previous year, as the Group opportunistically increased its financing in domestic markets in the first half of 2026 based on market conditions, changes in funding costs and the funding needs of its domestic and overseas entities to further reduce funding costs.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
RMB	**212,501,800**	**79.83%**	206,473,093	77.35%	2.92%
US$	**30,815,155**	**11.58%**	30,358,750	11.37%	1.50%
Borrowings in other currencies	**22,871,851**	**8.59%**	30,087,824	11.28%	-23.98%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

As at 30 June 2026, the Group's activities in RMB accounted for 79.83% of its total interest-bearing bank and other borrowings, which increased as compared to the end of the previous year, as the Group increased its financing in domestic 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.

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Direct financing	**83,881,205**	**31.51%**	75,489,445	28.28%	11.12%
Indirect financing	**182,307,601**	**68.49%**	191,430,222	71.72%	-4.77%
Total	**266,188,806**	**100.00%**	266,919,667	100.00%	-0.27%

As at 30 June 2026, the Group's indirect financing accounted for 68.49% of the total, which decreased as compared to the end of the previous year. Building on its ongoing commitment to deepen engagement in the credit market, the Company flexibly and prudently secured alternative funding resources by comprehensively considering factors such as cost, duration, and market conditions, thereby continuously solidifying and enhancing the resource foundation for its future development.

4.5 Shareholders' Equity

As at 30 June 2026, the total equity of the Group was RMB61,117,617,000, representing an increase of RMB823,973,000 or 1.37% from the end of the previous year. During the period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026		31 December 2025		
	RMB'000	% of total	RMB'000	% of total	Change %
Share capital	**15,761,675**	**25.79%**	15,639,775	25.94%	0.78%
Equity component of convertible bonds	**–**	**–**	103	0.00%	-100.00%
Reserve	**37,172,378**	**60.82%**	36,302,246	60.21%	2.40%
Equity attributable to holders of ordinary shares of the Company[1]	**52,934,053**	**86.61%**	51,942,124	86.15%	1.91%
Perpetual securities[2]	**–**	**–**	–	–	–
Non-controlling interests	**8,183,564**	**13.39%**	8,351,520	13.85%	-2.01%
Total equity	**61,117,617**	**100.00%**	60,293,644	100.00%	1.37%

Notes:

(1) The following table sets forth the change in the equity attributable to the ordinary shareholders of the Company in the first half of 2026.

	Equity attributable to holders of ordinary shares of the Company
31 December 2025	51,942,124
Profit for the period	2,221,547
Other comprehensive income	(208,356)
Dividend distribution	(1,279,739)
Other changes in equity	258,477
30 June 2026	52,934,053

The final dividend of HK$0.31 per share for the year ended 31 December 2025 was approved at the annual general meeting on 10 June 2026 and paid on 29 June 2026. The interim dividend of HK$0.25 per share for the six months ended 30 June 2026 was declared by the Board on 5 August 2026.

(2) Issuance of perpetual securities.

As at 30 June 2026, the Group did not have outstanding perpetual securities.

MANAGEMENT DISCUSSION AND ANALYSIS

4.6 Outstanding Guaranteed Convertible Bonds

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, were convertible into fully paid ordinary shares in the issued and paid-up capital of the Company in accordance with relevant conditions, and bore 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 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. On 2 June 2026, as a result of the exercise of the conversion rights by the holders of the Convertible Bonds, an aggregate principal amount of US$400,000, representing approximately 0.16% of the initial aggregate principal amount of the Convertible Bonds, was converted at the conversion price of HK$6.48 per share and cancelled in accordance with the conditions, resulting in a total number of 479,098 shares being issued and credited as fully paid. As at 30 June 2026, there was no outstanding principal amount in respect of such convertible bonds.

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 27 May 2021, 15 June 2021, 16 June 2021, 24 June 2021, 24 June 2022, 28 October 2022, 20 June 2023, 22 January 2024, 17 June 2024, 7 July 2024, 3 October 2024, 25 April 2025, 16 September 2025 and 5 June 2026.

During the reporting period, there was no adjustment to the conversion price of the convertible bonds. As of 30 June 2026, the convertible bonds issued in June 2021 had been fully redeemed or converted, and there were no other convertible bonds issued and outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the first half of 2026, 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:

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets (A)	373,223,828	370,961,369
Total liabilities (B)	312,106,211	310,667,725
Total equity	61,117,617	60,293,644
Gearing ratio (C=B/A)	83.62%	83.75%

In the first half of 2026, 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 30 June 2026, the Group's gearing ratio was 83.62%.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2026, 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 3.94, 5.31, 6.11, 5.15 and 3.55, 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.

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)

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets	**198,751,544**	200,493,810
Less: cash	**12,268,267**	13,747,162
Total assets at risk	**186,483,277**	186,746,648
Equity	**47,292,105**	49,210,448
Ratio of assets at risk to equity	**3.94**	3.79

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets	73,041,782	73,500,818
Less: cash	4,287,010	6,870,580
Total assets at risk	68,754,772	66,630,238
Equity	12,941,023	16,913,547
Ratio of assets at risk to equity	5.31	3.94

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

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets	26,609,606	17,906,419
Less: cash	1,030,074	42,452
Total assets at risk	25,579,532	17,863,967
Equity	4,186,193	3,194,889
Ratio of assets at risk to equity	6.11	5.59

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets	25,603,069	23,998,562
Less: cash	558,213	684,870
Total assets at risk	25,044,856	23,313,692
Equity	4,859,774	4,529,645
Ratio of assets at risk to equity	5.15	5.15

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)

	30 June 2026	31 December 2025
	RMB'000	RMB'000
Total assets	11,643,743	11,110,285
Less: cash	387,641	1,072,048
Total assets at risk	11,256,102	10,038,237
Equity	3,173,338	2,982,653
Ratio of assets at risk to equity	3.55	3.37

6. CAPITAL EXPENDITURES

The Group's capital expenditure was RMB1,234,305,000 as at 30 June 2026. Among which, investment in joint ventures/associates was RMB165,295,000 and capital expenditure in the equipment operation segment was RMB961,682,000, which was primarily used for various business development initiatives of the Group and asset optimization and renewal of Horizon Construction Development.

MANAGEMENT DISCUSSION AND ANALYSIS

7. RISK MANAGEMENT

7.1 Credit Risk

The Company upheld asset safety as its fundamental bottom line, and adopted a comprehensive, prudent, proactive and forward-looking approach to enhance risk governance, thereby bolstering its 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, optimizing its asset structure, pivoting industry allocation towards high-end and emerging sectors, strengthening regional presence in robust and dynamic markets, and upgrading its customer portfolio towards high-caliber and growth-oriented enterprises, thereby ensuring steady and concrete progress in its high-quality development. Concurrently, the Company maintained a disciplined assessment framework combining quantitative and qualitative approaches in evaluating group customers, and raised its standards of standardization, scientific rigor, and regulatory compliance, bringing its customer evaluation and risk management to a new level. Adhering to the philosophy that compliance mitigates risk and creates value, the Company actively adapted to the new landscape of financial regulation by effectively internalizing external regulatory requirements. Demonstrating strict professional ethics, the Company firmly defended the baseline of compliance and regulatory red lines. Furthermore, the Company remained committed to full-scale technological empowerment, building a digitalized, intelligent, and agile middle-office platform, so as to continuously enhance precision in risk management and operational efficiency.

In the first half of the year, despite a challenging operating environment, the Company advanced its business against the headwinds and delivered solid results. Risk prevention and control also yielded effective outcomes with core risk indicators remaining at relatively low levels in the industry, while asset quality remained stable with positive momentum.

I. Comprehensive, prudent, scientific, proactive and forward-looking risk governance

The Company regarded asset safety as the fundamental lifeline of its survival and development. It remained firmly committed to a safety-first philosophy in its business development. All development plans were built upon a solid foundation of asset safety, and business development was strictly controlled within the boundaries of risk prevention and control capabilities. By striking a scientific balance between risks and returns, the Company drove long-term value creation and sustainable growth supported by sound and resilient asset quality.

Adhering to the principle of "full-process, all-round, multi-dimensional and uninterrupted" in risk control, the Company continued to improve its risk governance structure and carry out risk management efforts with a comprehensive, prudent, scientific, proactive and forward-looking management philosophy, thereby effectively safeguarding high-quality business development with high standards of safety.

Continuously improving the comprehensive risk management system. The Company continued to improve its comprehensive risk management framework by continuously optimizing the 360-degree view and risk control mechanism that encompasses all employees, all segments, all products, all processes and all cycles. By adopting a tiered, classified approach spanning horizontally and vertically across the organization, the Company established a three-dimensional, matrix-style and professional risk management grid characterized by "horizontal integration and vertical specialization". Through regular, holistic reviews of risk control practices and systematic enhancement of management capabilities, the Company achieved full coverage of risk prevention and control with no gaps, blind spots, or omissions of material risks. In the first half of the year, the Company operated and conducted business with a "customer-centric" approach and improved its management with a "front-office-centric" approach, expanding the scope and enriching the substance of risk management. The functions, responsibilities and roles of the front, middle and back offices were further rationalized, and coordination and communication mechanisms were further improved.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuously and prudently building a strong defense line for risk management. The Company remained committed to a philosophy of steady business development and a prudent risk appetite, ensuring all business operations were always conducted on the premise of compliance. It struck a comprehensive balance between risks and returns in determining its annual performance targets and departmental performance indicators. By applying bottom-line thinking and extreme-scenario analysis, the Company examined every aspect of its operations and management and developed robust contingency plans to ensure preparedness for potential emergencies. Within a reasonably existing asset size, the Company promoted high-quality development by enhancing its asset portfolio across industries, regions and customers towards a more advanced, resilient and optimized structure. It reinforced four lines of defense covering pre-approval, in-process approval, post-approval review and internal audit and control. The Company adhered to professional approval processes that were free from administrative interference, and strengthened quality control by fostering objective, independent, and accountable credit approval personnel who strictly adhered to high standards of professional integrity to ensure all business activities were conducted under conditions where risks were identifiable and controllable. In the first half of the year, the Company further refined the procedures and policies in relation to customer list, credit rating and transaction structuring. It also improved the vertical division of responsibilities in the review process, resulting in a steady enhancement of its risk management capabilities.

Continuously upgrading scientific management methods and tools. Adhering to comprehensive and compliant data collection, the Company broke down information silos and provided reliable data source for risk analysis. Drawing upon proven domestic and international practices, the Company had established a multi-tiered risk monitoring indicator system covering multiple dimensions such as corporate characteristics, operational dynamics, regulatory records, external investments and public reputation. At the same time, the Company continued to upgrade its approach to move beyond the limitations of traditional risk control that relied on subjective experience-based judgment, enabling multi-dimensional quantitative analysis of assessment subjects. It widely applied credit assessment models and stress testing to calculate probability of default and loss given default. Risk assessment had thus shifted from an “experience-driven” approach to a “data-driven” approach, significantly enhancing the scientific rigor of decision-making. In addition, leveraging AI and big data technologies, the Company had built an automated risk management platform that supported rational classification, dynamic adjustment and results sharing. Digital tools were increasingly replacing manual processes, reducing human errors while enabling coordinated and transparent management between headquarters and branch offices. In the first half of the year, the Company optimized its customer rating model by fully integrating expert experience with quantitative analysis, further enhancing the scientific quality of its decision-making tools.

MANAGEMENT DISCUSSION AND ANALYSIS

Proactive, front-loaded risk prevention for effective risk control. The Company actively promoted a culture of compliance and strengthened awareness of accountability. By proactively benchmarking against new regulatory requirements, it ensured the internal adaptation of external policies. Internal and external compliance incidents were monitored in a timely manner, accompanied by regular risk control training and awareness campaigns. The Company took a proactive approach to key industries, regions and customers, implementing dynamic and differentiated management strategies. It actively guided the direction of risk control throughout the year, strictly enforcing operational standards for business execution to effectively reduce execution deviations. For high-quality customers, it adopted proactive pre-credit approval to improve the efficiency of credit approval. Risk management for the credit business was brought to the forefront, enabling the credit approval function to play a proactive role in stepping in ahead of market fluctuations and major emergencies. The Company strengthened proactive and preventive risk management across the first and second lines of defense in credit approval, strictly implementing the principles of early detection, early identification, early warning and early resolution. It continued to refine the early warning and monitoring mechanism for risk indicators, integrating monitoring outputs into the entire credit approval process to provide precise guidance for risk analysis and scientific judgment. It deeply promoted a company-wide, collaborative approach to risk management, encouraging all employees to actively participate in risk management. In the first half of the year, the Company further clarified the alignment between middle-back office and front-office personnel at all levels, resulting in smoother front-middle-back office collaboration and more consistent performance indicators, and further enhanced the closed-loop management and personnel coordination across all processes.

Adhering to forward-looking analysis for early action. The Company continued to strengthen the guiding role of research in providing forward-looking insights in risk management and enhance macro – and meso-level research and analysis to accurately anticipate systemic and structural development trends across industries, regions and customer groups. This enabled swift responses to external market changes and risk impacts, allowing targeted management and control strategies to be formulated in advance, and risk management tools were improved to achieve early-stage prevention of systemic risks. Through proactive early action and preemptive planning, risks were identified and flagged sooner over time. Leveraging AI tools, the Company could gain timely insights into macroeconomic and industry development, enabling more precise comprehension of industry development trends, regional development strategies and peer benchmarking during the credit approval process, thereby achieving more comprehensive collection and understanding of customer information. The Company also made more efficient use of customers' historical credit data for risk analysis, which not only improved operational efficiency but also effectively enhanced credit approval personnel's ability to anticipate and assess risks. Professional, forward-looking research thus provided a more effective and scientific basis for risk control decisions.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Strengthening a balanced, independent, collaborative and efficient risk governance structure

The Company continues to enhance its risk-oriented governance structure through both top-down and bottom-up approaches. It continuously strengthens the top-level design of risk management and further refines a risk governance structure characterized by sound organization, reasonable division of responsibilities, clear delineation of authority and responsibility, functional independence, risk checks and balances, and efficient collaboration, thereby continuously consolidating the governance foundation for risk prevention and control.

The Board, as the highest decision-making body, is responsible for setting the strategic direction of operations and management, establishing the Company's risk culture and risk appetite, and ensuring close alignment between risk management and strategic objectives. Senior management is responsible for implementing the Board's risk management decisions and ensuring the implementation and execution of strategic initiatives. The Company has established mechanisms featuring clear division of responsibilities, mutual coordination and effective checks and balances across departments. Implementation progress is reported to the Board on a regular basis. The independence and professional decision-making capabilities of external directors are fully safeguarded.

The Risk Management Committee leads the professional review of resolutions, with committee members comprising management and staff from relevant front, middle and back office functions. The Risk Management Department is responsible for the implementation of risk policies and daily risk management and operations. The Audit Department is directly accountable to and reports to the Board, and operates independently from both business and risk control functions. It conducts independent audits and effective oversight of the compliance of business operations and the effectiveness of the risk management system, and issues special reports accordingly.

In the first half of the year, the Company dynamically updated the composition of the Risk Management Committee to ensure objective, professional and independent reviews. Senior and middle management from business operations and functional management held regular meetings to discuss governance-related issues and made improvements accordingly.

III. Enhancing asset allocation towards an advanced, resilient and optimized structure

The Company remained committed to its original mission of serving the real economy through financial services, integrating global resources to promote industry development and serve urban development. While maintaining a stable business size overall, the Company placed greater emphasis on structural adjustment. By closely monitoring macroeconomic conditions, industrial development trends and regional development dynamics, the Company dynamically adapted to local contexts and changing market conditions to continuously adjust the flow of incremental capital and constantly optimize the structure of existing assets. The Company was committed to advancing its industry layout towards high-value sectors and new growth, directing its regional layout towards dynamic and robust markets, and orienting its customer selection towards high-quality and high-tier segments, making the Company's development deeply integrated and aligned with national industrial policies and regional development strategies. Through scientific planning, the Company achieved appropriate asset diversification and a reasonably balanced asset portfolio, laying a solid and reliable foundation for high-quality development.

Industry layout towards high-value sectors and new growth. In alignment with national development strategies and industrial policy directives, the Company focused on competitive and distinctive industries, directing capital towards high-end areas and new quality segments within the real economy.

The Company was committed to advancing the "Five Key Areas of Finance": technology finance, green finance, inclusive finance, pension finance and digital finance. It actively supported the "Two New" initiatives, namely large-scale equipment upgrades and consumer goods trade-in programs, by extending its reach into new auxiliary equipment and consumer goods segments. It fully supported the "Two Priority Areas", namely the implementation of major national strategies and the development of security capacity in key areas, by continuously increasing financial support for the development of major infrastructure projects such as water conservancy, railways, highways, airports, and ports. It also closely monitored critical areas such as energy security, food security and the stability of supply chains and industrial chains, ensuring the funding needs of key projects were secured.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company strove to empower the development of new quality productive forces and the building of a modern industrial system, with a focus on supporting new infrastructure development and the growth of advanced manufacturing sectors, including new energy, new materials, next-generation information technology, bio-medicine, integrated circuits, and high-end equipment, to facilitate the transformation and upgrading of the manufacturing sector towards high-end, intelligent and green development. The Company actively explored consumer market potential and continued to strengthen support for sectors such as essential consumption and culture & tourism. It also continued to support the quality improvement and upgrading of domestic demand-oriented and livelihood-oriented fundamental sectors, including healthcare, education, public transportation, and utilities such as water, electricity, gas and heating.

In planning its industry layout, the Company adhered to the principle of exploring prudently while controlling risks. While investing in sectors characterized by low cyclicality, stable growth and sound asset quality, the Company also explored investment opportunities in emerging or future industries with clear development pathways and relatively high commercial viability, such as AI, embodied intelligence and the low-altitude economy. Through a diversified product mix comprising equity investment, equity-debt linkage and industrial funds, the Company supported the steady development of new industries, business models and operating patterns in China, while maintaining robust risk controls and continuously cultivating new growth drivers for business development.

Regional layout towards robust and dynamic markets. Deeply aligning with the national strategy for coordinated regional development, the Company devoted its full efforts to supporting the development layouts of regions with high economic vitality and strong development capacity, including the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, the development of the Chengdu-Chongqing economic circle, the rise of the central regions such as the city clusters along the middle reaches of the Yangtze River, the comprehensive revitalization of Northeast China, and the large-scale development of Western China, thus contributing to the flow of financial resources towards highly vibrant and economically powerful regions.

The Company continued to refine its city-tier assessment model, taking local development prospects and economic benefits as core dimensions to carry out hierarchical and classified management of economic development capabilities and market vitality across regions. It prioritized customer acquisition and business cooperation in high-tier, high-capacity core cities. Embracing the strategy of concentrating on core regions and expanding into neighboring markets, the Company focused on key national economic belts and core cities and gradually expanded into second – and third-tier cities with strong growth momentum, promising development potential and relatively high asset quality, alongside quality asset allocation along river basins and coastal regions. Taking full account of the disparity among different regions in terms of resource endowments, industrial strengths and economic development, the Company implemented a differentiated “city-specific” business cooperation model to precisely align financial services with local development needs. At the same time, it steadily explored cooperation pathways in key node cities along the Belt and Road Initiative and the RCEP framework, continuously expanding the breadth and depth of its regional asset deployment, resulting in a more reasonable and balanced geographic distribution of assets.

Customer portfolio towards high-quality and high-tier segments. Adhering to the “customer-centric” business philosophy, the Company took customer development as the core driver of asset allocation and made sustained efforts to identify, develop, manage, and improve the quality of active customers. By steering its customer portfolio towards high-quality and high-tier segments, the Company targeted active and high-quality customers with strong growth potential. It stepped up its efforts to support quality customers who were closely aligned with market demand, deeply committed to their core businesses, well-governed, highly resilient to economic cycles, endowed with core competitive advantages and brand influence, robust and ample operating cash flows, and reasonable and manageable debt levels and debt structures.

The Company strengthened its efforts in customer engagement and targeted development. It carried out targeted customer development in alignment with the development trajectories of national industrial clusters, regional pillar industries and distinctive industries, adhering to the principle of region-specific and locally-tailored strategies. It extended its reach by embedding itself into customers’ industrial ecosystems and established a refined list-based customer management system to accurately identify the needs of high-quality customers, thereby enabling the Company to deliver precise marketing and efficient services under the premise of keeping risks fully under control across the entire process.

MANAGEMENT DISCUSSION AND ANALYSIS

Acting on the "Two Services" philosophy of "serving enterprises and serving entrepreneurs" throughout the full lifecycle, the Company deeply addressed the comprehensive needs of enterprises in production, operations, transformation and upgrading, as well as the needs of entrepreneurs in family development. It expanded the scope of service through a diversified product portfolio and enhanced customer value creation capabilities via integrated service offerings, resulting in gradually increasing customer loyalty and more solid, substantive business partnerships. The development of a high-quality and high-tier customer base provided the Company with a strong foundation for its high-quality development.

Dynamic limit adjustment in response to business development. The Company had established and refined a limit management system across three key dimensions covering industry, region and customer. It integrated limit management throughout the entire process of business operations and asset allocation, thereby managing risk exposure at the source for a single dimension and single entity. In response to macroeconomic conditions, industrial shifts, regional development and customer quality, the Company dynamically improved its risk control strategies and kept them under constant review and adjustment to ensure asset allocation in line with shifting market conditions.

The Company continued to refine the assessment and evaluation mechanism that aligned with its risk appetite and strengthen the role of risk appetite as both a guide and a constraint in business decisions and resource allocation. Through a scientific assessment mechanism, the Company directed capital towards more optimal uses, improving the efficiency of financial resource allocation and capital utilization. By applying multi-dimensional limit management, dynamic strategy adjustments and scientific assessment guidance, the Company effectively mitigated concentration risk and achieved appropriate and reasonable diversification of assets across industries, regions and customer bases, resulting in a more advanced, resilient, optimized and high-quality asset portfolio.

IV. Improving levels of "standardization, scientific rigor and regulation" through professional review in both quantitative and qualitative approach

The Company always adheres to maintaining expert review instead of administrative review. In the process of review, the Company focuses on quantitative analysis and draws on the qualitative assessment conducted based on expert experience, so as to ensure precise conclusion for group customer review and effective preventive measures.

Quantitative analysis – Revealing true operation status of customers through data analysis. The Company focused on the comprehensive collection of the quantitative data of core entities of group customers. It comprehensively collected the consolidated statements of the group, as well as the financial statements of parent company and different core subsidiaries, and concurrently gathered core quantitative indicators such as asset scale, operating profit, cash flow of investment and financing and transaction statement, with focus on data of core operating entities, entities with huge investment and financing and entities with frequent related party transactions, outlining the full picture of core financial data of the group. The Company established risk evaluation system for group customer by using comprehensive quantitative data. Furthermore, the Company optimized customer financial and operational indicator analysis, debt structure and investment return analysis, as well as quantitative estimation on operating cash flows, credit limit control and other aspects, thereby gaining precise understanding of the operating capability, financial strength, solvency and overall credit lines of the customer. It conducted quantitative analysis on customers' profitability, cash flow stability and asset turnover ratio, as well as the alignment between major investment and financing ability, and comprehensively assessed the overall solvency and financial capacity of the group. The Company implemented the comprehensive quantitative control system for credit limit. In addition, the Company established the tiered quantitative limit rules for overall credit of the group and sub-limit credit of the subsidiary, and set the red lines on credit grant for different operating entities. Credit concentration risk is limited by quantification, while excess credit grant is prohibited by rigid data management.

MANAGEMENT DISCUSSION AND ANALYSIS

Qualitative assessment – Identifying deep-rooted potential risks exposed to clients in a multi-dimensional, crossing approach. The Company conducted qualitative assessment based on non-financial information regarding industry, equity, governance, performance and other aspects. Through multi-channel information cross checking and thorough identification of actual risk, the Company discovered the root of potential risks beyond operation, governance and connected transaction of the group. It comprehensively established verification system on qualitative information of clients. Utilizing the physical outlet resources of the Company across the country, the Company jointly conducted multi-dimensional cross verification with local government, financial institution partners, upstream and downstream enterprises, industry peers and internal staff, and inspected the operating history, performance record, tax compliance, expertise of management team and other aspects of the entity in all-rounded approach, so as to reveal the actual operation and credit quality of the client. Taking equity ownership, decision-making procedure, personnel appointment and fund collection as the assessment basis, the Company distinguished strong and weak affiliated entities, and defined the complete scope of assessment. It precisely identified hidden related parties, unfair affiliated fund appropriation, transfer of benefits and other misconduct. Centering on substantial risks exposed to group customers such as common governance defects, dispersed ownership, blind diversification and expansion, mutual guarantee, short-term loan for long-term investment and multi-lender credit granting, and drawing on the experience of industry experts, the Company meticulously analyzed to thoroughly understand risk nature, and accurately identified potential operating and liquidity risks.

Through integration of quantitative and qualitative analysis and leveraging expert experience, the Company strengthened the foundation of professional review. By improving the level of standardization, scientific rigor and regulation in every single process, the credit evaluation and risk management of the Company had stepped forward to a new stage.

Standardization – Standardizing the operating mode for full process of credit review of group customers. Centering on the entire chain of credit grant, assessment and risk prevention for group customers, the Company formulated the unified operational standard, which standardized the operational process of data collection, due diligence, credit limit management and post-leasing monitor, realizing standardized practice, scope and standard for risk management within the Group. In addition, the Company standardized the due diligence standard for credit grant, formulated the standard list for date collection in group evaluation and the data collection scope of consolidated statement, individual statement, equity structure and related party, established standards for due diligence that "focusing on substance over form", and maintained balance between due diligence level and cost efficiency, forming replicable, executable standardized operational rules for due diligence works on group customers. The Company standardized the operational rules for group customer review group, established the standardized review mechanism for review led by industry experts, correspondence for experts from different sectors and multi-domain joint review for major projects, clarified the review personnel allocation, commenting procedure and discussion procedure for the Group's projects at different complexity level, and improved the review operational procedures for group customers across different sectors. Moreover, the Company unified the standard for implementation of credit risk management, standardized the requirements for setting risk control measures on pledges and guarantees, and regulated the coverage period of guarantee measure and the standard risk mitigation effectiveness evaluation. The Company standardized the post-loan tracking, risk inspection and case review procedures, clarified the monitor frequency, inspection level and close-loop requirement for review, and formulated standard risk control operational manual for the entire process. Furthermore, the Company standardized the management criterion of credit limit system, and established the dual credit limit management system with central control at group level and subordinated control at subsidiary level.

MANAGEMENT DISCUSSION AND ANALYSIS

Scientific rigor – Enhancing risk assessment accuracy through professional system and multi-dimensional tools. With scientific support from industry expertise, integrated quantitative and qualitative model, online and offline inspection network and digital system, the Company established the digital, intelligent credit risk control system for group customers featuring hierarchical grading, multi-dimensional verification and dynamic prediction, thus enhancing accuracy of risk identification and mitigation. Based on management needs, the Company continuously improved risk attribute classification and labelling. It optimized risk data management, and continuously improved data quality. Besides, the Company established comprehensive expert pool for professional industry review. Leveraging the industry expertise earned over the years and the accurate trend judgment, the Company constantly optimized its credit evaluation model and assessment system. It had developed scientific judgment logic that integrated quantitative and qualitative analysis. By integrating quantitative financial prediction and quantitative credit limit control with qualitative analysis such as equity management, related party transaction and compliance performance, a dual scientific analysis framework of "quantitative analysis + qualitative assessment", with objective data as its basis and support by expert experience, had been established, aiming to thoroughly understand the operational mode and risk nature. With the application of digital system, the Company achieved scientifically empowered credit management. By automatically completing dynamic credit limit estimation, real-time enquiry, automatic alert and over-limit interception through information system, as well as replacing manual offline ledger with digital tool, the Company realized intelligent dynamic control and look-through management on overall credit grant and sub-limit of the Group, improving the efficiency and accuracy of risk management. The Company continued to develop and optimize real-time scientific monitor system for risk indicators, and strived for perfection in timeliness, effectiveness and sensitivity. In respect of monitor result handling and application, the Company aimed to further improve efficiency.

Regulation – Strengthening long-term defenses for asset security of group clients through closed-loop management. The Company optimized the closed-loop rules and mechanisms for the whole credit granting process of the Group regarding accountability and constraints, risk hedging and subsequent review, regulated the risk control in respect of credit approval, assessment, granting and post-loan management, and established the regulated lines of defense for asset security featured with clear responsibility, closed-loop procedure and controllable risk. By regulating the selection mechanism for front-end customer onboarding, the Company standardized the customer onboarding criterion at source. Moreover, the Company rigorously implemented the application of negative list and cross-verification procedure, clarified the base lines and red lines for customer onboarding, and prohibited credit grant for risky group customers at early stage. It set up the criterion for full process judgment on credit grant evaluation, clarified the requirements for related party identification, substance look-through and comprehensive assessment on solvency, standardized the definition of related scope, risk identification and logic of risk level classification, and regulated decision-making process for assessment. In addition, the Company standardized the mechanism for implementation of credit risk mitigation measures. It specifically regulated hedging methods for classification of various potential risks exposed to the Group, and stipulated strict requirements for the formulation of mitigation measures such as pledges and guarantees. In respect of complicated major projects of the Group, the Company set up "belt and braces" risk mitigation measures and risk exit route. Taking into account the long-term effectiveness of full leasing cycle risk predication and mitigation measures, the Company regulated the design of risk hedging plans. It regulated post-loan monitor and closed-loop management of risk review, and established working rules for regular risk inspection on group customers and continuous tracking and analysis. Besides, the Company optimized the standardized mechanism for risk case review, which concurrently applied industry risk characteristics, customer analysis method and mitigation instruments in early-stage credit assessment, forming a standardized closed-loop management over "assessment – grant – monitor – review – optimization".

Through the in-depth integration of quantitative analysis and qualitative analysis, as well as the adoption of the three-in-one approach of "standardization, scientific rigor and regulation", every single step in the entire process of credit granting, assessment and risk prevention for group customers was closely correlated and linked with each other. Benefiting from the comprehensive and well-established risk control assessment system, precise identification and mitigation of risks associated with group customers had gradually become a reality, and stepped forward to a new stage.

During the first half of the year, the Company recorded no major credit risk events, with asset safety remaining under control.

MANAGEMENT DISCUSSION AND ANALYSIS

V. Upholding professional ethics to safeguard regulatory red lines and compliance bottom lines

Through top-down compliance culture promotion and bottom-up enhancement of employees' sense of responsibility, the Company imposed clear lines of operational and management responsibilities. The Company upheld professional ethics, and safeguarded the compliance bottom lines and regulatory red lines. Besides, the Company strengthened personnel coordination mechanism, maintained the approach of addressing both symptoms and root-causes, and promoted regular improvement and long-term enhancement in management.

Solidify foundation for compliance culture and increase the all-rounded awareness on compliance among all employees. The Company launched multi-dimensional compliance promotion, deeply rooting compliance concept among people. Adhering to the core principle of "compliance would reduce risk and create value", the Company proactively embraced financial regulatory development trend, and enhanced the compliance awareness of all employees by conducting regular comprehensive trainings. By adopting diversified measures such as online video compliance courses, offline intensive thematic study sessions and compliance quiz and self-test, the Company organized regular compliance learning and exchange programs for all employees. Meanwhile, the Company introduced self-evaluation and cross-assessment mechanism for employees at different positions, guiding employees to discover compliance weakness in their respective responsible fields, implement rectification for every link, and consciously uphold professional ethics. Through frequent and multi-dimensional promotion, compliance culture had penetrated all business scenarios, with typical non-compliance cases widely spread among employees, enabling internalization and practical implementation of compliance principles. Insisting on maintaining value-orientated operation, the Company focused on the main line of compliance operation development. Upholding the concept of "compliance brings security, violation brings risk", the Company treated compliance operation as top priority for stable business development. It implemented regulatory requirements throughout its daily operation, and prevented operational risk and controlled operational hazard through culture development. Furthermore, the Company standardized the understanding of compliance value using top-down approach, and moved away from the narrow mindset of "prioritizing business operation over risk management". It guided all employees to understand that compliance was not only an absolute regulatory red line but also a key initiative for safeguarding assets and creating long-term business value. The Company also fostered long-term mindset of proactive and voluntary compliance.

Refine operational management system and impose clear responsibilities for employees at different levels. The Company imposed clear red lines and bottom lines for operations, and strictly regulated the full process operation. Adhering to the bottom-line thinking, the Company established stringent, standardized operational management system. By closely updating rules based on regulatory policy updates, the Company timely completed internalization of external regulatory rules, and dynamically adjusted and publicly announced the red lines of compliance and the bottom lines of operational conduct for employees. Furthermore, the Company systematically sorted out performance requirements for employees, common non-compliance risks and prohibitive operational requirements. In addition to continuously promoting special compliance and internal control training, the Company had set up rigid 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 implemented stringent control throughout the entire operation, enhanced execution and supervision, increased the severity of penalties for non-compliance, and clearly stipulated bottom lines of conduct. Besides, the Company enhanced the three lines of defense for risk control, and strengthened the multi-dimensional supervision and balancing network. 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 personnel due diligence at early stage. The Company refined employee responsibilities, working standards and operational procedures at every stage, and implemented the three-level rectification mechanism of self-inspection, cross-checking and internal control inspection. In addition, the Company had established multi-dimensional compliance performance management system, and improved risk profiling of employee behaviors, thus realizing accurate identification and dynamic control of compliance risk. It also strictly fulfilled the check and balance requirements regarding incompatible positions to eliminate blind spots in supervision and management. The Company regularly conducted entire process walkthrough tests, increased inspections over major business and key operating process, and imposed clear responsibilities for front-line operators and management at different levels, thereby ensuring standardized, controllable operation at every stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthen personnel coordination mechanism and continuously promote long-term governance improvement. The Company implemented strict accountability system across the entire line, targeting on solving root-causes for misconduct. It had established the accountability system applicable for operators, direct managers and department leaders across the entire line, seriously dealt with various risk and non-compliance incidents, and adhered to prohibit "promoting employees despite known misconduct". The Company regularly reviewed typical internal and external cases of violations and carried out opposite warning education to encourage all employees to learn from past mistakes and prevent potential risk exposures in advance. The Company strictly implemented the "three-step" methodology of identifying, analyzing and solving problems. When dealing with problems, the Company adhered to the "three musts" principle, pursuant to which the Company must analyze the cause of problem clearly, educate the responsible personnel and employees, and take practical preventive measures. The Company investigated the root causes of risks thoroughly, and implemented closed-loop rectification for every link. Through rectification, reverse pressure was applied to promote operational procedure optimization, management efficiency improvement and employee expertise enhancement, realizing separation of investigation, warning and governance. The Company had established long-term mechanism for personnel coordination, enabling continuous management upgrade. It had 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 risk warnings, which closely tied business compliance and operational quality to performance appraisal and cadre selection and appointment, amplifying the guiding effect of personnel binding. The Company regularly conducted management enhancement and specific rectification, established regular self-inspection and rectification mechanism, and continued to upgrade and optimize internal control management system. In addition, the Company optimized the risk tracing review and cross-functional problem discussion system, organized regular training on positive and negative compliance cases, and handled new operational risks in a timely manner. Past experiences in rectification and reflection on risks were incorporated in daily management standards, thereby continuously improving operation standards and overall management capability of all employees. By optimizing the business continuity management system, the Company enhanced operation compliance protection. Besides, it facilitated the establishment of business continuity management system, optimized specific management system, and enhanced system implementation and operation system. The Company comprehensively conducted business impact analysis, refined emergency plan for various unexpected incidents, organized regular practical emergency drills, and strengthened the all-rounded capability of the Company for sustainable operation, thus providing solid foundation for healthy compliance operation.

With the synchronized effect arising from the implementation of "shaping mindset through compliance culture, solidifying defense line through operational control, securing effective operation through human resources integration", the Company guided all employees in upholding professional standards. It strictly observed regulatory red lines, reinforced the bottom lines of operational conduct, and comprehensively prevented compliance and operational risks, thereby securing orderly, compliant and steady development for various businesses of the Company.

VI. Building intelligent mobile digital middle platform fully empowered by technology

The Company conducted data management and system upgrade on regular basis, thereby strengthening the foundation for digital risk management. With the application of financial technologies, the Company had established digital, intelligent middle platform for risk management. It applied, developed and modified various mobile devices to break limitations of space and time and unleash productivity. While applying cutting-edge technologies and improving risk predictions, the Company also enhanced information security precautions.

Reinforce data foundation and strengthen the Group's foundation for risk control digitalization. Taking business system iteration and upgrade as starting point, the Company promoted the in-depth integration of financial technology into the Group's operation and management, and focused on building basic capabilities for digitalization. The Company continued to upgrade and enhance its omni data warehouse, integrated and gathered business data from internal and external sources, conducted standardized data management on regular basis, and gradually improved the completeness and accuracy of data, thus providing reliable data support for risk control decision-making. The Company synchronized and standardized data interfaces across all product categories, and eliminated data silos across different business lines. By creating a path for eco-based, scenario-driven development through product line standardization, it provided high flexibility for cross-business collaboration, thus enhancing fundamental support for the integrated digital risk control of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Upgrade intelligent middle platform and establish lifecycle automated risk control system. Attributable to the expansion of data input dimension using multi-channel external data source, the in-depth application of visual and voice biometric technology, as well as the optimization of machine-learning algorithm through business operation scenario iteration, the accuracy of real-time risk alert and standard of intelligent-aided decision-making were effectively enhanced. Adaptable to various business risk control scenarios, the system intelligently integrated the all-rounded risk view for customers, various risk control tools and modules, establishing an integrated online management platform for full business lifecycle covering all customers, entities and products. Hence, a model-driven operation mode featuring automated operation, cloud sharing, closed-loop operation and tiered collaboration was established for intelligent middle platform, which comprehensively enhanced the risk control precision and operational efficiency of the Group.

Break limitations and unleash full-scenario potential by making use of mobile devices. Focusing on the full-scenario operational requirements of risk control, the Company facilitated the establishment of mobilized system, and developed lightweight and cross-platform risk control applications tailored for various devices including mobile, tablets and computers. In addition to ordinary real-time online interactions, an ancillary offline operation mode, which completely broke time and space limitations, was created, enabling around-the-clock and full-scenario risk inspection, business assessment and other operations, considerably simplifying frontline operation procedures, and significantly improving the efficiency of implementation of the Group's general risk control measures.

Integrate cutting-edge technology and enhance risk prediction and security control. On the one hand, the Company continued to explore application scenario for cutting-edge technologies such as big data, block chain, large AI model and ensemble risk control model. By integrating multi-dimensional intelligent data analysis with professional review expertise, the Company enhanced its risk prediction and assessment capabilities, thus realizing front-loading risk identification and proactive control, empowering quality and efficiency enhancement in risk assessment. On the other hand, the Company concurrently established a sound information security defense system, commenced regular application of cutting-edge technologies in risk identification, assessment, monitoring and proactive prevention, built up a lifecycle data protection mechanism for customers, and imposed strict accountability system for data security management. The Company secured stable, long-term and effective operation of digital intelligent risk control platform through reliable technologies and safety barriers. During the first half of the year, the Company recorded no major network and information security incidents.

MANAGEMENT DISCUSSION AND ANALYSIS

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 at 30 June 2026	As at 31 December 2025
	RMB'000	RMB'000
Variable interest-earning assets	**1,122,255**	816,312
Variable interest-bearing liabilities	**(150,380,522)**	(145,555,501)
Monetary funds and others	**26,720,698**	31,814,552
Derivative financial instruments	**38,534,778**	44,703,423
Net exposure	**(84,002,791)**	(68,221,214)

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.

	Increase/(decrease) in profit before tax of the Group	
	As at 30 June 2026	As at 31 December 2025
	RMB'000	RMB'000
Change in basis points		
+25 basis points	**(54,188)**	(76,143)
– 25 basis points	**54,588**	77,543

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2026, the Group's actual exposure to foreign exchange risk amounted to approximately US$7,554 million, hedges against foreign exchange exposure amounted to approximately US$7,606 million with the hedge ratio (percentage of the aforesaid two items) of approximately 100.68% (approximately 98.87% as at 31 December 2025). 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 at 30 June 2026**	As at 31 December 2025
		RMB'000	RMB'000
Effect on the profit before tax	+1%	**(3,524)**	6,207

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	As at 30 June 2026	As at 31 December 2025
Liquidity coverage ratio[1]	**283.19%**	271.86%
Proportion of short-term liabilities[2]	**50.00%**	50.43%
Liabilities/total credit lines[3]	**57.73%**	59.76%

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2026							
Total financial assets	**18,526,545**	**54,718,082**	**138,073,166**	**141,039,520**	**3,461,277**	**3,676,772**	**359,495,362**
Total financial liabilities	**345,633**	**36,969,927**	**119,143,892**	**151,344,211**	**5,916,181**	**–**	**313,719,844**
Net liquidity gap	**18,180,912**	**17,748,155**	**18,929,274**	**(10,304,691)**	**(2,454,904)**	**3,676,772**	**45,775,518**
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

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 30 June 2026, the Group had lease receivables of RMB50,497,988,000, long-term receivables of RMB9,086,000, financial assets at fair value through profit or loss of RMB7,221,990,000, cash of RMB10,442,030,000, property, plant and equipment of RMB6,162,436,000 pledged or paid to banks for bank borrowings, and cash of RMB36,285,000 pledged for bank acceptances, letter of credit and etc..

MANAGEMENT DISCUSSION AND ANALYSIS

9. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

In the first half of 2026, 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 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 the first half of 2026, the Group operated one non-compulsory school. The Company insisted on a high-quality positioning of school operations, and took 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 the first half of 2026, 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 30 June 2026, the Group had 18,717 full-time employees (including 4,861 employees for finance business, among which 2,522 employees were in the inclusive finance business; and 13,856 employees for industrial operation), a decrease of 108 full-time employees as compared to 18,825 (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) as at the end of 2025.

The Group believes it has a high quality work force with specialized industry expertise. As at 30 June 2026, approximately 68.1% of the Group's employees had bachelor's degrees or above, and approximately 9.3% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.1 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 30 June 2026, 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 2.73% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 reporting period is as follows:

Grantee	Date of grant	Vesting period (Note 1)	Exercise period (Note 2)	Exercise price per share HK$ (Notes 3-5)	Outstanding as at 1 January 2026	Number of share options: Granted (Note 7)	Exercised (Note 6)	Lapsed	Cancelled	Outstanding as at 30 June 2026
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	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	18 July 2018	18 July 2020 – 18 July 2022	18 July 2020 – 18 July 2028	7.36	1,074,442	–	500,000	–	–	574,442
SUBTOTAL FOR DIRECTORS					**14,235,284**	**–**	**4,845,968**	**–**	**–**	**9,389,316**
Employees	15 June 2016	15 June 2018 – 15 June 2020	15 June 2018 – 15 June 2026	5.714	812,806	–	807,914	4,892	–	0
Employees	20 June 2017	20 June 2019 – 20 June 2021	20 June 2019 – 20 June 2027	6.82	3,245,299	–	688,112	–	–	2,557,187
Employees	18 July 2018	18 July 2020 – 18 July 2022	18 July 2020 – 18 July 2028	7.36	5,440,625	–	505,817	–	–	4,934,808
Total					**23,734,014**	**–**	**6,847,811**	**4,892**	**–**	**16,881,311**

MANAGEMENT DISCUSSION AND ANALYSIS

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$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 4: 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 5: 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 6: In respect of the exercise of options by Mr. KONG Fanxing during the reporting period, the weighted average closing price of shares immediately before the date on which the options were exercised is HK$7.8901. In respect of the exercise of options by Mr. WANG Mingzhe during the reporting period, the weighted average closing price of shares immediately before the date on which the options were exercised is HK$7.76. 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 date on which the options were exercised is HK$7.84. 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$7.5567.

Note 7: 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 did not grant any share 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 not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.2 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 30 June 2026, the remaining life of the 2019 Share Option Scheme was approximately 3 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 3.28% 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 1.00% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 reporting period is as follows:

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 2026	Number of share options				Outstanding as at 30 June 2026
						Granted (Note 9)	Exercised (Note 8)	Lapsed	Cancelled	
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
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	–	1,498,328	–	–	749,165

MANAGEMENT DISCUSSION AND ANALYSIS

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 2026	Number of share options Granted (Note 9)	Exercised (Note 8)	Lapsed	Cancelled	Outstanding as at 30 June 2026
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	–	574,442	–	–	422,016
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	314,388	–	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					**37,357,475**	–	**4,645,524**	–	–	**32,711,951**
Employees	19 July 2019	19 July 2020 – 19 July 2022	19 July 2020 – 19 July 2029	7.618	5,975,458	–	280,000	–	–	5,695,458
Employees	23 July 2020	23 July 2021 – 23 July 2023	23 July 2021 – 23 July 2030	6.70	5,390,699	–	1,507,413	–	–	3,883,286
Employees	26 July 2021	26 July 2022 – 26 July 2024	26 July 2022 – 26 July 2031	8.40	18,473,474	–	–	–	–	18,473,474
Employees	27 July 2022	27 July 2023 – 27 July 2025	27 July 2023 – 27 July 2032	6.378	11,088,415	–	2,418,611	–	–	8,669,804
Employees	10 August 2023	10 August 2024 – 10 August 2026	10 August 2024 – 10 August 2033	5.58	12,599,465	–	1,115,337	–	–	11,484,128
Total					**90,884,986**	–	**9,966,885**	–	–	**80,918,101**

MANAGEMENT DISCUSSION AND ANALYSIS

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$6.480 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$6.700 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$6.340 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$5.390 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.

Note 8: In respect of the exercise of options by Mr. WANG Mingzhe during the reporting period, the weighted average closing price of shares immediately before the dates on which the options were exercised is HK$7.76. 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$7.84. 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$7.5499.

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 did not grant any share 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 not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.3 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 30 June 2026, the remaining life of the 2024 Share Option Scheme was approximately 8 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 3.59% 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, no options were granted under the 2024 Share Option Scheme. A summary of the movements of the outstanding share options under the 2024 Share Option Scheme during the reporting period is as follows:

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 2026	Number of share options				Outstanding as at 30 June 2026
						Granted (Note 5-6)	Exercised (Note 7)	Lapsed	Cancelled	
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	–	752,923	–	–	1,505,847
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					**18,129,321**	**–**	**752,923**	**–**	**–**	**17,376,398**
Employees	12 August 2024	12 August 2025 – 12 August 2027	12 August 2025 – 12 August 2034	5.39	20,480,211	–	587,100	–	–	19,893,111
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					**63,838,737**	**–**	**1,340,023**	**–**	**–**	**62,498,714**

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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: 103,728,674 options are available for grant under the 2024 Share Option Scheme as at the beginning and the end of the reporting period. During the reporting period, the Company did not grant any share 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 not applicable.

Note 7: In respect of the exercise of options by Mr. WANG Mingzhe during the reporting period, the weighted average closing price of shares immediately before the date on which the options were exercised is HK$7.76. 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$7.6006.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.4 2014 Restricted Share Award Scheme

The 2014 Restricted Share Award Scheme (revised twice by the Board on 2 June 2016 and 20 March 2019) (the "Award Scheme") 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 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 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 Award Scheme and the award conditions (if any) of such restricted shares.

The maximum number of shares that may be granted under the 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 Award Scheme on 11 June 2014, that is, 197,544,000 shares (accounting for approximately 4.10% 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 Award Scheme on 20 March 2019, i.e. 237,251,856 shares (accounting for approximately 4.92% 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 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 Award Scheme, unless the Award Scheme is terminated early according to the resolution of the Board or the resolution of the Company's general meeting, the Award Scheme will remain valid.

During the reporting period, the Company did not grant or vest any shares under the 2014 Restricted Share Award Scheme. As at 30 June 2026, there were no more shares to be granted under the 2014 Restricted Share Award Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

The changes in the unvested restricted shares under the 2014 Restricted Share Award Scheme during the reporting period 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 2026	Granted (Notes 2, 4, 5)	Vested (Note 3)	Lapsed	Cancelled	Not yet vested as at 30 June 2026
KONG Fanxing, CEO and executive Director	10 August 2023	10 August 2024 – 10 August 2026	2,677,552	–	–	–	–	2,677,552
WANG Mingzhe, CFO and executive Director	10 August 2023	10 August 2024 – 10 August 2026	1,084,266	–	–	–	–	1,084,266
CAO Jian, Senior Vice President and executive Director	10 August 2023	10 August 2024 – 10 August 2026	1,084,266	–	–	–	–	1,084,266
SUBTOTAL FOR DIRECTORS			**4,846,084**	–	–	–	–	**4,846,084**
Employees	10 August 2023	10 August 2024 – 10 August 2026	11,181,309	–	–	–	–	11,181,309
SUBTOTAL FOR EMPLOYEES			**11,181,309**	–	–	–	–	**11,181,309**
TOTAL			**16,027,393**	–	–	–	–	**16,027,393**
Five highest paid employees	10 August 2023	10 August 2024 – 10 August 2026	5,768,544	–	–	–	–	5,768,544
TOTAL (FIVE HIGHEST PAID EMPLOYEES)			**5,768,544**	–	–	–	–	**5,768,544**

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Note 3: No share has been vested under the 2014 Restricted Share Award Scheme during the reporting period. Therefore, the weighted average closing price of shares immediately before the date(s) on which the shares were vested during the reporting period is not applicable.

Note 4: As at 1 January 2026 and 30 June 2026, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

10.1.5 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 5.37% 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.

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, the Company did not grant or vest any Shares under the 2024 Restricted Share Award Scheme. As at 30 June 2026, the remaining shares to be granted under the 2024 Restricted Share Award Scheme were 155,344,891 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Grantee	Date of grant	Vesting period (Note 1)	Not yet vested as at 1 January 2026	Changes in the number of restricted shares during the reporting period				Not yet vested as at 30 June 2026
				Granted (Notes 2, 4, 5)	Vested (Note 3)	Lapsed	Cancelled	
KONG Fanxing, CEO and executive Director	12 August 2024	12 August 2025 – 12 August 2027	5,421,189	–	–	–	–	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	2,176,403	–	–	–	–	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	2,176,403	–	–	–	–	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			**24,297,350**	**–**	**–**	**–**	**–**	**24,297,350**
Employees	12 August 2024	12 August 2025 – 12 August 2027	24,151,100	–	–	–	–	24,151,100
Employees	13 August 2025	13 August 2026 – 13 August 2028	37,258,275	–	–	–	–	37,258,275
SUBTOTAL FOR EMPLOYEES			**61,409,375**	**–**	**–**	**–**	**–**	**61,409,375**
TOTAL			**85,706,725**	**–**	**–**	**–**	**–**	**85,706,725**
Five highest paid employees	12 August 2024	12 August 2025 – 12 August 2027	11,678,347	–	–	–	–	11,678,347
Five highest paid employees	13 August 2025	13 August 2026 – 13 August 2028	17,405,011	–	–	–	–	17,405,011
TOTAL (FIVE HIGHEST PAID EMPLOYEES)			**29,083,358**	**–**	**–**	**–**	**–**	**29,083,358**

MANAGEMENT DISCUSSION AND ANALYSIS

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: Subject to the rules of the Award Scheme, the Board or the administration committee may select grantee(s) under the rules of the 2024 Restricted Share Award Scheme and grant restricted shares to such selected grantee(s) at its sole discretion from time to time. 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 to the Group's profit from relevant selected grantees; (b) the expertise, skills or experience, performance and synergies at work and achievement of performance targets of relevant selected grantees; (c) the general financial condition, overall business objectives and future development plans of the Group; and (d) any other matters that the Board or the administration committee deems relevant.

Note 3: No share has been vested under the 2024 Restricted Share Award Scheme during the reporting period. Therefore, the weighted average closing price of shares immediately before the date(s) on which the shares were vested during the reporting period is not applicable.

Note 4: As at 1 January 2026 and 30 June 2026, the number of shares available for grant under the Award Scheme was 155,344,891.

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.

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 30 June 2026, 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 30 June 2026	As of 31 December 2025
	RMB'000	RMB'000
Legal proceedings:		
Claimed amounts	–	–

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 30 June 2026	As of 31 December 2025
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for acquisition of property, plant and equipment	158,150	48,162
Irrevocable credit commitment(1)	3,655,654	7,147,750

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 environment is undergoing profound and complex changes, and has entered a period where strategic opportunities, risks and challenges coexist, with increasing uncertainties and unpredictable factors.

On the basis of "creating new incremental value for shareholders, customers, creditors, governments and employees", the Company will maintain a rapid pace of transformation, and reinforce its operational foundation and survival bedrock with a focus on building differentiated advantages, while sustaining its efforts to serve industrial upgrading and urban renewal.

In respect of financial services, while holding the bottom line for risk control and reinforcing asset security, the Company continues to develop innovative service models.

In terms of serving industries by expanding upward into integrated services, the Company will progressively upgrade its target customer management system, elevate marketing capabilities, and accelerate the development of a full-scenario solution framework that integrates B2B and B2C, thereby equipping the Company with capabilities that surpass those of simple financial services.

In terms of serving industries by exploring downward towards inclusive finance, alongside increasing the inflow of business opportunities, the Company will upgrade its marketing control approaches through initiatives such as enhancing customer resource management, customer coverage requirements, and business space management. The Company will continue to intensify the application of AI technologies, and implement measures such as big data-based precise lists, customer relationship mapping, AI-powered intelligent risk control, and asset quantitative modeling, so as to avoid linear growth between business size and manpower input.

In terms of serving urban development by focusing on vibrant regions, the Company continuously optimizes its asset allocation in vibrant regions to safeguard asset quality, and stabilize business traffic through innovation in marketing models, service portfolios and resource capabilities. The Company continuously adheres to the development direction of integrated urban services, striving for strategic breakthroughs in both service models and asset categories.

In respect of industrial operation, the Company remains committed to its strategic direction and continuously enhances its operational management efficiency.

Horizon Construction Development will firmly implement its "Three + Three + Three" development strategy. Guided by a market-oriented approach and a customer-centric mindset, it will deepen the optimization of its asset structure and business mix. By upgrading its operating system through lean operations, it will steadily advance towards becoming a first-class global enterprise. Domestically, it will promote lean operations and reinforce its operational foundation. It will implement refined customer management and build a full-lifecycle service system. It will also pursue alignment of its asset structure with market demand, and develop innovative models such as multi-industry solutions and urban ecosystems offerings, while optimizing full-lifecycle asset management to enhance operational efficiency. Abroad, it will steadily advance its global footprint, leveraging the advantages of the domestic supply chain to capture incremental opportunities. In countries where it has already established a presence, it will refine its management and deepen localized operations, empowering business through its standardized system. It will also continuously track emerging markets with growth potential across the world, and broaden its international presence. Horizon Construction Development will coordinate resources both domestically and internationally, deepen business synergies, build core competitive barriers, upgrade refined management, and promote the steady improvement of operational quality and efficiency, so as to enter a new stage of development characterized by higher quality and greater resilience.

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 demolish 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 13th 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 30 June 2026, 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 six months ended 30 June		
	2026	2025	
	RMB million	RMB million	Change %
Total revenue	**4,024.06**	4,350.06	-7.49%
Gross profit	**1,120.46**	940.67	19.11%
Total profit	**53.08**	50.28	5.57%
Profit for the period	**36.60**	35.49	3.13%
Return on average assets	**0.2%**	0.2%	0.0%
Return on average equity	**0.7%**	0.6%	0.1%

	30 June 2026	31 December 2025	
	RMB million	RMB million	Change %
Total assets	**35,802.00**	36,368.35	-1.56%
Total liabilities	**24,742.22**	25,043.50	-1.20%
Total equity	**11,059.78**	11,324.85	-2.34%
Gearing ratio	**69.1%**	68.9%	0.20%

MANAGEMENT DISCUSSION AND ANALYSIS

14. HOSPITAL OPERATION SEGMENT REPORT

In the first half of 2026, 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 adhered to the differentiated layout, and "took 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 six months ended 30 June		
	2026	2025	
	RMB million	RMB million	Change %
Total revenue from hospital operation[1]	**1,692.80**	1,810.06	-6.48%
Total costs from hospital operation[2]	**(1,399.82)**	(1,469.49)	-4.74%
Gross profit from hospital operation	**292.98**	340.57	-13.97%
Gross profit margin from hospital operation	**17.31%**	18.82%	-1.51%
Profit before tax	**79.59**	153.95	-48.30%
Profit for the period	**27.40**	106.56	-74.29%

MANAGEMENT DISCUSSION AND ANALYSIS

	30 June 2026	31 December 2025	
	RMB million	RMB million	Change %
Total assets	**5,705.57**	6,159.43	-7.37%
Of which: fixed assets and intangible assets(4)	**3,236.11**	3,349.07	-3.37%
Right-of-use assets(5)	**517.39**	536.38	-3.54%
Accounts receivables	**436.26**	558.00	-21.82%

Notes:

(1) The revenue from hospital operation of the Group mainly comprises 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 of the first half of 2026 decreased to RMB1,400 million from approximately RMB1,469 million of the first half of 2025. The costs of hospital operation of the Group primarily included labor costs, pharmaceutical supplies, inspection costs and other costs, decreased comparing to the same period last year 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. The data for the first half of 2025 include a one-off demolition gain of approximately RMB75 million from a hospital under the Group in Zhenhai, Ningbo.

(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.

(6) For the year, based on the actual operation of the hospital operation segment, the scope of the hospital operation segment has been adjusted and the comparative data has been restated.

MANAGEMENT DISCUSSION AND ANALYSIS

15. INCLUSIVE FINANCE SEGMENT REPORT

	For the six months ended 30 June		
	2026	2025	
	RMB million	RMB million	Change %
Interest income	**2,710.12**	1,451.22	86.75%
Average yield on assets(1)	**16.99%**	14.72%	2.27%

	30 June 2026	31 December 2025	
	RMB million	RMB million	Change %
Net interest-earning assets	**35,634.10**	28,178.94	26.46%
Less: provision for interest-earning assets	**(524.45)**	(453.76)	15.58%
Net interest-earning assets	**35,109.65**	27,725.18	26.63%
As a percentage of the Group's net interest-earning assets	**12.62%**	10.36%	2.26%

Note:

(1) Average yield represents the quotient of interest income as divided by average balance of interest-earning assets as at the beginning and end of the period, presented on an annualized basis.

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 30 June 2026, the inclusive finance segment had set up over 110 inclusive finance business outlets in more than 20 provinces across the country, with business presence in more than 175 cities, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Since its establishment in 2019, the inclusive finance segment has primarily served micro, small and medium-sized enterprises situated in cities with developed manufacturing industries located in southeastern coastal provinces, such as Eastern China and Southern China, and has served over 40,000 customers cumulatively and disbursed funds of more than RMB100 billion in total, gaining 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 "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, Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited, the primary platform company in the inclusive finance segment, successfully issued seven asset securitization products with a total scale of RMB13,600 million on the back of its own credit, and was honored with the "2025 Innovative Institution" award at the 12th China Securitization Forum (CSF) Annual Commendation. Moving forward, the inclusive finance business will strive 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 2,294 as at the end of 2025 to 2,500 by mid-2026, of which over 1,900 were frontline business personnel. With the support of ample human resources, the inclusive finance business has achieved a high degree of diversification in both geographic and industry allocation while minimizing the average amount per asset, which in turn attained an optimal balance between returns and risks. More notably, despite the continuous expansion of frontline personnel, the inclusive finance business has maintained industry-leading labor efficiency, further propelling the steady growth of interest-earning assets, which is inseparable from the management philosophy of "digital and intelligent empowerment" upheld by the inclusive finance business. Over the past few years, the inclusive finance business continued to promote the digital, online, automated and intelligent construction of its business processes, and deepen the concept of serving micro, small and medium-sized enterprises with efficient operations, realizing "paperless" online operation throughout the entire process, and forming an industry-leading operation system through such technological means as online entry, electronic contracting and direct bank-business connection. It has also introduced intelligent solutions such as AI pre-screening, due diligence assistants, and fraud alerts to elevate "decision-making intelligence", establishing a unique risk control system within the industry. It is remarkable that the inclusive finance business has already achieved the ability to generate credit evaluation reports within "seconds" across its entire product line, further solidifying a modern financial services system that equally emphasizes efficiency and risk management. The commercial logic of the inclusive finance business has progressively evolved from a "risk control" approach in the past to the "risk management" level.

As at 30 June 2026, the net interest-earning assets of the inclusive finance business of the Group amounted to approximately RMB35,630 million, representing an increase of RMB7,460 million or approximately 26.46% from the end of the previous year, and an increase to 12.62% of the Group's net interest-earning assets from 10.36% as at the end of the previous year. By exploring customers in the long-tail market, the inclusive finance business achieved greater risk dispersion and higher efficient turnover. In the first half of 2026, the inclusive finance business completed 67.3 project investments (first half of 2025: 47.3) on average every day, and the average amount of individual projects remained at around RMB1.6 million. At the same time, the average yield on assets edged up to 16.99% in the first half of 2026, remaining broadly in line with the level in the second half of 2025 and maintaining a relatively stable position. By virtue of the rapid 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 RMB2,710 million in the first half of 2026, representing an increase of 86.75% from RMB1,451 million in the same period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

	30 June 2026		31 December 2025	
	RMB million	% of total	RMB million	% of total
Pass	**33,857.86**	**95.02%**	26,632.47	94.51%
Special mention	**1,776.24**	**4.98%**	1,546.47	5.49%
Substandard	**–**	**–**	–	–
Doubtful	**–**	**–**	–	–
Loss	**–**	**–**	–	–
Net interest-earning assets	**35,634.10**	**100.00%**	28,178.94	100.00%
Non-performing assets	**–**	**–**	–	–
Non-performing asset ratio	**–**		–	–
Reversal of non-performing assets after write-off	**193.51**		84.01	

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.

	30 June 2026	31 December 2025
	RMB million	RMB million
At the beginning of the period/year	–	–
Downgrades	1,051.03	1,043.56
Upgrades	–	–
Recoveries	–	–
Write-off/transfer-out	(1,051.03)	(1,043.56)
At the end of the period/year	–	–
Non-performing assets ratio	–	–
Non-performing asset formation ratio(1)	3.73%	6.05%
Credit cost ratio(2)	2.91%	5.19%

Notes:

(1) Non-performing asset formation ratio = (the balance of non-performing assets at the end of the period – the balance of non-performing assets at the beginning of the period + write-off/transfer-out of non-performing assets for the period)/(net pass interest-earning assets at the beginning of the period + net interest-earning assets under special mention at the beginning of the period), a non-annualized indicator.

(2) Credit cost ratio = provision for interest-earning assets for the period/average balance of interest-earning assets, a non-annualized indicator.

In first half of 2026, the credit cost ratio of the inclusive finance business was approximately 2.91% (31 December 2025: 5.19%), 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.

DISCLOSURE OF INTERESTS

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 30 June 2026, 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	103,574,032(L)[(2)]	2.14%
	Interest in a controlled corporation	868,947,897(L)[(3)]	18.03%
WANG Mingzhe	Beneficial owner	37,900,476(L)[(4)]	0.78%
LIU Jialin	Beneficial owner	125,000(L)	0.00%
	Interest of spouse	125,000(L)	0.00%
CAO Jian	Beneficial owner	38,076,475(L)[(5)]	0.79%

DISCLOSURE OF INTERESTS

Notes:

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

(2) The interest includes 6,703,326 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 30 June 2026. For details of those schemes, please refer to the 2025 annual report of the Company.

(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.

(4) The interest includes 2,111,548 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 5,717,212 underlying shares in respect of the share options granted pursuant to the Company's 2019 Share Option Scheme, 3,770,744 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 30 June 2026. For details of those schemes, please refer to the 2025 annual report of the Company.

(5) The interest includes 574,442 underlying shares in respect of the share options granted pursuant to the Company's 2014 Share Option Scheme, 7,285,076 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. For details of those schemes, please refer to the 2025 annual report of the Company.

DISCLOSURE OF INTERESTS

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 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%

Note:

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

Save as disclosed above, as at 30 June 2026, 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.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

Based on the information available to the directors of the Company, as at 30 June 2026 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 30 June 2026, 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 the issued share capital of the Company
Sinochem Capital Investment Management (Hong Kong) Limited[(2)]	Beneficial owner	919,914,440(L)	19.09%
Sinochem Capital Investment Management Limited[(2)]	Interest in a controlled corporation	919,914,440(L)	19.09%
Sinochem Corporation[(2)]	Interest in a controlled corporation	919,914,440(L)	19.09%
Sinochem Group Co., Ltd[(2)]	Interest in a controlled corporation	919,914,440(L)	19.09%
The State-owned Assets Supervision and Administration Commission of the State Council[(2)]	Interest in a controlled corporation	919,914,440(L)	19.09%
KONG Fanxing	Beneficial owner	103,574,032(L)[(3)]	2.14%
	Interest in a controlled corporation	868,947,897(L)[(4)]	18.03%
Idea Prosperous Limited[(4)]	Entrusted to exercise voting rights	868,947,897(L)	18.03%
Aim Future Limited[(5)]	Interest in a controlled corporation	505,844,000(L)	10.49%
Gold Stone Enterprise Limited[(5)]	Interest in a controlled corporation	505,844,000(L)	10.49%
Cantrust (Far East) Limited[(5)]	Trustee	505,844,000(L)	10.49%
UBS Group AG[(6)]	Interest in a controlled corporation	336,132,649(L)	6.97%
Sunshine Trust Company Limited[(7)]	Trustee	272,237,062(L)	5.65%
LIU Haifeng David	Founder of a discretionary trust who can influence how the trustee exercises his discretion	344,394,100(L) 65,443,109(S)	7.14% 1.35%
	Interest in a controlled corporation	1,067,000(L)[(8)]	0.02%

DISCLOSURE OF INTERESTS

Name of shareholder	Capacity/nature of interest	Number of ordinary shares[1]	Approximate percentage of the issued share capital of the Company
Vivian CHEN[9]	Interest of spouse	345,461,100(L)	7.17%
		65,443,109(S)	1.35%
Capital Rise Limited	Beneficial owner	314,775,100(L)	6.53%
		35,824,109(S)	0.74%
Capital Bridge Limited[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
DCP Capital Partners L.P.[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
DCP General Partner, Ltd[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
DCP, Ltd.[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
Julian Juul WOLHARDT[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
Classic Fit Limited[10]	Interest in a controlled corporation	344,394,100(L)	7.14%
		65,443,109(S)	1.35%
J.P. Morgan Trust Company (Bahamas) Limited[10]	Trustee	344,394,100(L)	7.14%
		65,443,109(S)	1.35%

DISCLOSURE OF INTERESTS

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.

(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.

(6) Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 5 June 2026 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) The interest is held directly by New Trace Limited which is 100% controlled by Mr. LIU Haifeng David.

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

(10) The interest includes long position in 314,775,100 ordinary shares and short position of 35,824,109 ordinary shares of the Company held directly by Capital Rise Limited and long position in 29,619,000 ordinary shares and short position in 29,619,000 ordinary shares of the Company held directly by Capital Lead Limited. 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Listing Rules.

The Company has complied with the code provisions of the CG Code throughout the period from 1 January 2026 to 30 June 2026, except for code provisions B.3.5, C.2.1 and F.1.3 as explained below.

Pursuant to code provision B.3.5 of the CG Code, issuers should appoint at least one director of a different gender to the nomination committee. During the period from 1 January 2026 to 30 June 2026, all members of the Remuneration and Nomination Committee of the Company were of a single gender, and the Company has therefore deviated from code provision B.3.5. During the reporting period, the structure of the Remuneration and Nomination Committee was in compliance with Rule 3.27A of the Listing Rules, and has not caused any material adverse impact on the performance of duties by the Remuneration and Nomination Committee or the formulation and implementation of the diversity policy for the Board and employees of the Company. Meanwhile, the proportion of members of the Remuneration and Nomination Committee to the number of members of the Board is relatively appropriate, which satisfies the needs of the Remuneration and Nomination Committee to perform its duties in accordance with its terms of reference. In addition, the Company has adopted and implemented a board diversity policy, according to which, in order to achieve long-term compliance with the gender diversity policy, the Company will give priority to meeting the needs of gender diversity under equal conditions when considering potential candidates for directors. Nevertheless, the Board will take into account the requirements of corporate governance and make comprehensive considerations, and will appoint a female director as a member of the Remuneration and Nomination Committee of the Company as soon as practicable, so as to comply with the requirements of code provision B.3.5 of the CG Code as set out in Appendix C1 to the Listing Rules. Taking into account the time required to identify suitable candidates and to complete the its internal procedures, the Company expects to progress this matter as soon as possible within the current financial year.

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 period from 1 January 2026 to 30 June 2026, the Company has deviated from code provision C.2.1 with the positions of the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "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.

CORPORATE GOVERNANCE

Code provision F.1.3 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 relevant questions at the annual general meeting. At the annual general meeting of the Company held on 10 June 2026 (the "2026 AGM"), 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. 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 2026 AGM, Mr. KONG Fanxing (the Chairman and the member of the Strategy and Investment Committee) attended and chaired the 2026 AGM to answer questions where necessary.

MODEL CODE FOR 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 to all the Directors and the Directors have confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2026.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the required standard set out in the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company for the six months ended 30 June 2026.

CORPORATE GOVERNANCE

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the period from 1 January 2026 to 30 June 2026, the board of directors had been in compliance with Rule 3.10(1) of the Listing Rules, which requires a company to maintain at least three independent non-executive directors in the board of directors; with Rule 3.10(2) of the Listing Rules, which requires one of those independent non-executive directors to be specialized in accounting or relevant financial management; and with Rule 3.10A of the Listing Rules, which requires independent non-executive directors representing at least one-third of the board of directors.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an audit and risk management committee (the "Audit and Risk Management Committee") in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit and Risk Management Committee comprises three members, including Mr. YIP Wai Ming as chairman, Mr. HAN Xiaojing and Mr. John LAW. This interim report has been reviewed by the Audit and Risk Management Committee.

The Audit and Risk Management Committee has reviewed, with the management and the external auditors, the condensed consolidated financial statements for the six months ended 30 June 2026 of the Group, including the accounting principles and practices adopted by the Group.

OTHER INFORMATION

IMPLEMENTATION OF DISTRIBUTION OF 2025 FINAL DIVIDEND

According to the proposal in relation to dividend distribution, which was considered and passed at the 2026 AGM held on 10 June 2026, the Group has paid a dividend of HK$0.31 per share to shareholders whose names appear on the register of members of the Company on 18 June 2026, thereby resulting in a total dividend payment amount of HK$1,471,979,000.

INTERIM DIVIDEND

The Board approved the payment of an interim dividend of HK$0.25 per share in respect of the six months ended 30 June 2026 to shareholders whose names appear on the register of members of the Company on Friday, 18 September 2026. The interim dividend will be paid on Tuesday, 29 September 2026.

CLOSURE OF SHARE REGISTER

The date of payment of the interim dividend is expected to be Tuesday, 29 September 2026. For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 16 September 2026 to Friday, 18 September 2026, both days inclusive, during which period no transfer of shares will be registered. The record date on which the shareholders are qualified to receive the interim dividend is Friday, 18 September 2026. In order to qualify for the interim 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 Tuesday, 15 September 2026, being the last registration date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any shares of the Company for the six months ended 30 June 2026.

TREASURY SHARES

As at the end of the reporting period, the Company did not hold (or hold through CCASS or deposit in CCASS) any treasury share. Hence, disclosure requirements in respect of treasury shares under the Listing Rules are not applicable.

OTHER INFORMATION

AMENDMENTS TO ARTICLES OF ASSOCIATION

During the reporting period, the amendments to the Articles of Association of the Company have been approved by the Shareholders by way of a special resolution at the AGM held on 10 June 2026, and have become effective from 10 June 2026. Such amendments to the Articles of Association were for the purpose of bringing the Articles of Association in line with the latest regulatory requirements including the expanded paperless listing regime and the relevant amendments made to the Listing Rules, aligning with the latest legal and regulatory requirements in relation to treasury shares to the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and making other housekeeping amendments to the Articles of Association. Please refer to the circular dated 28 April 2026 for details

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
KUO Ming-Jian	Ceased to serve as a director of Cathay Securities Investment Trust Co., Ltd. (國泰證券投資信託股份有限公司) with effect from 22 June 2026. Ceased to serve as a director of Cathay Financial Holding Co., Ltd. (國泰金融控股股份有限公司) with effect from 26 June 2026. Ceased to serve as the chairman of Cathay United Bank (國泰世華銀行) with effect from 26 June 2026. Ceased to serve as a director of Cathay Private Equity Co., Ltd. (國泰私募股權股份有限公司) with effect from 26 June 2026.

INDEPENDENT REVIEW REPORT

Ernst & Young
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To the board of directors of Far East Horizon Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 127 to 220, which comprises the condensed consolidated statement of financial position of Far East Horizon Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
5 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		2026	2025
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Interest income	4	11,621,542	10,657,250
Revenue from operating leases	4	2,961,691	2,926,173
Revenue from contracts with customers	4	3,532,078	3,835,905
Tax and surcharges	4	(76,504)	(82,873)
Cost of sales		(8,454,013)	(9,686,711)
Other income and gains	4	1,000,260	1,082,425
Selling and distribution costs		(1,616,119)	(1,699,198)
Administrative expenses		(2,794,701)	(2,197,313)
Impairment losses on financial and contract assets		(1,073,137)	(123,160)
Losses on derecognition of financial assets measured at amortised cost		(592)	(1,350)
Other expenses		(444,023)	(283,560)
Finance costs		(468,162)	(588,066)
Share of net profits of:			
Associates		58,506	72,012
Share of net (losses)/profits of:			
Joint ventures		(149,016)	100,391
PROFIT BEFORE TAX	5	4,097,810	4,011,925
Income tax expense	6	(1,837,394)	(1,823,497)
PROFIT FOR THE PERIOD		2,260,416	2,188,428
Attributable to:			
Ordinary shareholders of the Company		2,221,547	2,163,585
Non-controlling interests		38,869	24,843
		2,260,416	2,188,428
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8	RMB	RMB
Basic			
– Earnings per share		0.47	0.51
Diluted			
– Earnings per share		0.47	0.47

Details of the dividends payable and proposed for the period are disclosed in Note 7 to the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	2,260,416	2,188,428
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 period	(1,931,723)	(867,053)
Reclassification to the consolidated statement of profit or loss	1,882,749	(278,473)
Income tax effect	(1,386)	(203)
	(50,360)	(1,145,729)
Exchange differences:		
Exchange differences on translation of foreign operations	(313,680)	(33,120)
	(313,680)	(33,120)
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	(364,040)	(1,178,849)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(364,040)	(1,178,849)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,896,376	1,009,579
Attributable to:		
Ordinary shareholders of the Company	2,013,191	1,005,598
Non-controlling interests	(116,815)	3,981
	1,896,376	1,009,579

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

		30 June 2026	31 December 2025
		(Unaudited)	(Audited)
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	24,773,897	25,596,257
Investment properties		–	9,829
Right-of-use assets		2,157,969	2,300,196
Goodwill		187,256	368,716
Other intangible assets		124,661	133,533
Investments in joint ventures	12	5,504,420	6,060,292
Investments in associates	13	4,052,060	4,118,472
Financial assets at fair value through profit or loss	16	11,170,887	11,739,389
Derivative financial instruments	11	589	71,905
Loans and accounts receivables	10	121,622,146	114,508,897
Prepayments, other receivables and other assets		790,035	786,405
Deferred tax assets	19	6,664,112	6,232,591
Restricted deposits	14	9,195,415	9,195,415
Total non-current assets		186,243,447	181,121,897
CURRENT ASSETS			
Inventories		569,883	597,726
Loans and accounts receivables	10	162,223,996	159,010,646
Contract assets		580,255	660,263
Prepayments, other receivables and other assets		3,083,917	3,405,131
Debt investment at fair value through other comprehensive income		370,534	260,855
Financial assets at fair value through profit or loss	16	2,545,002	2,454,400
Derivative financial instruments	11	81,511	248,703
Restricted deposits	14	1,300,075	1,243,968
Cash and cash equivalents	14	16,225,208	21,375,169
Assets held for sale	15	–	582,611
Total current assets		186,980,381	189,839,472

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	17	8,243,260	7,771,420
Other payables and accruals		11,878,496	12,672,894
Derivative financial instruments	11	763,521	311,602
Convertible bonds – host debts		–	3,047
Interest-bearing bank and other borrowings	18	132,638,232	134,107,891
Lease liabilities	18	342,179	337,992
Income tax payable		1,355,065	1,702,395
Total current liabilities		155,220,753	156,907,241
NET CURRENT ASSETS		31,759,628	32,932,231
TOTAL ASSETS LESS CURRENT LIABILITIES		218,003,075	214,054,128
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	133,550,574	132,808,729
Lease liabilities	18	477,802	556,151
Derivative financial instruments	11	2,221,779	1,000,675
Deferred tax liabilities	19	1,095,324	1,328,295
Other payables and accruals		16,681,923	15,090,937
Deferred revenue		786,973	834,805
Other non-current liabilities		2,071,083	2,140,892
Total non-current liabilities		156,885,458	153,760,484
Net assets		61,117,617	60,293,644

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

		30 June 2026	31 December 2025
		(Unaudited)	(Audited)
	Notes	RMB'000	RMB'000
EQUITY			
Equity attributable to ordinary shareholders of the parent			
Share capital	20	15,761,675	15,639,775
Equity component of convertible bonds		–	103
Reserves	21	37,172,378	36,302,246
		52,934,053	51,942,124
Non-controlling interests		8,183,564	8,351,520
Total equity		61,117,617	60,293,644

Kong Fanxing
Director

Wang Mingzhe
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	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 20)		(Note 21)		(Note 21)	(Note 21)	(Note 21)	(Note 21)						
At 1 January 2026	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
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,221,547	2,221,547	38,869	2,260,416
Other comprehensive income for the period:														
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(50,840)	-	-	(50,840)	480	(50,360)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(157,516)	-	(157,516)	(156,164)	(313,680)
Total comprehensive income	-	-	-	-	-	-	-	-	(50,840)	(157,516)	2,221,547	2,013,191	(116,815)	1,896,376
Final 2025 dividend declared (net of dividends received from shares held for the share award scheme) (Note 7)	-	-	-	-	-	-	-	-	-	-	(1,279,739)	(1,279,739)	-	(1,279,739)
Transfer of share option reserve upon exercise of share options	118,791	-	-	-	(20,431)	-	-	-	-	-	-	98,360	-	98,360
Recognition of equity-settled share-based payments	-	-	-	-	153,267	-	-	-	-	-	-	153,267	5,972	159,239
Special reserve – safety fund appropriation	-	-	-	-	-	-	1,171	-	-	-	(1,171)	-	-	-
Capital injection by non-controlling shareholders	-	-	2,665	-	-	-	-	-	-	-	-	2,665	10,179	12,844
Capital reduction by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(6,480)	(6,480)
Share of other reserves of investments accounted for using the equity method	-	-	120	-	-	-	-	-	-	-	-	120	-	120
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(10,208)	(10,208)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(50,604)	(50,604)
Issue of shares upon conversion of convertible bonds	3,109	(103)	-	-	-	-	-	-	-	-	-	3,006	-	3,006
Others	-	-	1,285	-	-	-	-	-	-	-	(226)	1,059	-	1,059
At 30 June 2026 (Unaudited)	15,761,675	-	577,089*	(318,322)*	542,606*	(37,102)*	119,918*	121,913*	(778,460)*	319,504*	36,625,232*	52,934,053	8,183,564	61,117,617

* These reserve accounts comprise the consolidated reserves of RMB37,172,378,000 (31 December 2025: RMB36,302,246,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	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 20)		(Note 21)		(Note 21)	(Note 21)	(Note 21)	(Note 21)						
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 period	-	-	-	-	-	-	-	-	-	-	2,163,585	2,163,585	24,843	2,188,428
Other comprehensive income for the period:														
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	(1,144,399)	-	-	(1,144,399)	(1,330)	(1,145,729)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(13,588)	-	(13,588)	(19,532)	(33,120)
Total comprehensive income	-	-	-	-	-	-	-	-	(1,144,399)	(13,588)	2,163,585	1,005,598	3,981	1,009,579
Final 2024 dividend declared (net of dividends received from shares held for the share award scheme) (Note 7)	-	-	-	-	-	-	-	-	-	-	(1,175,451)	(1,175,451)	-	(1,175,451)
Transfer of share option reserve upon exercise of share options	52,563	-	-	-	(7,885)	-	-	-	-	-	-	44,678	-	44,678
Recognition of equity-settled share-based payments	-	-	-	-	108,634	-	-	-	-	-	-	108,634	(503)	108,131
Special reserve – safety fund appropriation	-	-	-	-	-	-	3,436	-	-	-	(3,436)	-	-	-
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	23,134	23,134
Capital reduction by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(602)	(602)
Share of other reserves of investments accounted for using the equity method	-	-	9,138	-	-	-	-	-	-	-	-	9,138	-	9,138
Disposal of subsidiaries	-	-	(55,785)	-	-	-	-	-	-	-	-	(55,785)	55,785	-
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(89,981)	(89,981)
Issue of shares upon conversion of convertible bonds	2,222,325	(144,513)	-	-	-	-	-	-	-	-	-	2,077,812	-	2,077,812
Others	-	-	(5,685)	-	-	-	-	-	-	-	-	(5,685)	-	(5,685)
At 30 June 2025 (Unaudited)	15,373,818	272	580,567*	(546,009)*	520,532*	(37,938)*	116,980*	121,913*	(755,512)*	513,931*	35,110,701*	50,999,255	8,478,639	59,477,894

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		2026	2025
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,097,810	4,011,925
Adjustments for:			
Finance costs		4,423,862	5,282,619
Bank interest income	4	(50,822)	(96,574)
Share of net profits of associates		(58,506)	(72,012)
Share of net losses/(profits) of joint ventures		149,016	(100,391)
Gains on unlisted debt investments, at fair value	4	(98)	(18,978)
Gains on disposal of property, plant and equipment, net		(6,648)	(82,386)
Gains on disposal of subsidiaries	4	(29,884)	(19,971)
Losses on disposal of joint ventures	5	367	12,882
Depreciation of property, plant and equipment		1,574,737	1,496,024
Depreciation of investment properties		1,444	13,906
Depreciation of right-of-use assets		199,546	270,784
Provision for impairment of loans and accounts receivables	5	1,071,230	189,284
Impairment/(Reversal of impairment) of prepayments, other receivables and other assets	5	15,002	(31,055)
Impairment of investment in joint ventures	5	68,397	179,065
Reversal of impairment of credit commitments	5	(13,095)	(35,069)
Impairment of goodwill	5	194,738	–
Reversal of impairment of investment in associates	5	(6,936)	–
(Reversal of impairment)/Impairment of other assets	5	(63,771)	17,753
Amortisation of intangible assets and other assets	5	41,807	36,923
Equity-settled share-based payment expenses	5	159,239	108,131
Foreign exchange losses/(gains), net	5	22,805	(37,852)
Interest expense on lease liabilities		37,048	16,587
Realised gains on derecognition of financial assets at fair value through profit or loss	4	(190,184)	(200,184)
Fair value gains from financial liabilities at fair value through profit or loss, net	5	(32,670)	(10,608)
Fair value gains from financial assets at fair value through profit or loss, net	5	(219,124)	(367,031)
		11,385,310	10,563,772

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		2026	2025
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Decrease in inventories		27,843	43,082
Decrease in contract assets		43,772	56,346
Increase in loans and accounts receivables		(12,159,854)	(6,748,840)
Decrease in prepayments, other receivables and other assets		844,424	546,985
(Increase)/Decrease in restricted cash		(5,334)	172,568
Increase in trade and bills payables		471,840	109,781
Increase in other payables and accruals		1,652,726	290,089
(Decrease)/Increase in other liabilities		(47,832)	830,902
Net cash flows from operating activities before tax and interest		2,212,895	5,864,685
Interest paid		(4,812,113)	(5,457,218)
Interest received		50,822	96,574
Income tax paid		(2,850,333)	(2,328,011)
Net cash flows used in operating activities		(5,398,729)	(1,823,970)
CASH FLOWS FROM INVESTING ACTIVITIES			
Gains on unlisted debt investments, at fair value	4	98	18,978
Proceeds from disposal of property, plant and equipment		133,317	335,183
Purchase of items of property, plant and equipment, intangible assets and other long-term assets		(1,069,010)	(1,012,450)
Proceeds from disposal of associates		80,000	–
Proceeds from disposal of joint ventures		22,735	1,512
Purchase of shareholdings of associates		(20,380)	(380)
Purchase of shareholdings of joint ventures		(144,915)	(2,057,203)
Dividends received from associates		78,902	66,125
Realised gains on derecognition of financial assets at fair value through profit or loss	4	190,184	200,184
Proceeds from disposal of financial assets at fair value through profit or loss		3,068,341	3,142,720
Acquisition of subsidiaries		(111,270)	(209,547)
Disposal of subsidiaries		171,063	104,532
Purchase of financial assets at fair value through profit or loss		(1,671,015)	(1,789,625)
Net cash flows from/(used in) investing activities		728,050	(1,199,971)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		2026	2025
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from exercise of share options		98,360	44,678
Capital injection from non-controlling shareholders		12,844	23,134
Capital reduction from non-controlling shareholders		(28,068)	(602)
Purchase of non-controlling equity		–	(5,684)
Cash received from borrowings		99,568,964	94,731,685
Repayments of borrowings		(98,472,687)	(92,434,020)
Principal portion of lease payments		(203,297)	(217,607)
Increase of pledged time deposits		(50,773)	(122,597)
Dividends paid to non-controlling shareholders		(23,510)	(14,287)
Realised fair value (losses)/gains from derivative financial instruments in hedges for borrowings		(20,190)	693,218
Dividends paid to ordinary equity holders		(1,279,739)	(1,175,451)
Net cash flows (used in)/from financing activities		(398,096)	1,522,467
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,068,775)	(1,501,474)
Cash and cash equivalents at beginning of period		21,375,169	19,786,521
Effect of exchange rate changes on cash and cash equivalents		(81,186)	8,873
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	16,225,208	18,293,920

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. CORPORATE 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 Far East Horizon Limited. The registered office address of the Company is Unit 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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The financial information relating to the year ended 31 December 2025 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2025. The auditor's report was unqualified; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments 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. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

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. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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3. OPERATING SEGMENT INFORMATION (CONTINUED)

As at and for the six months ended 30 June 2026 (unaudited)

	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 4)					
Sales to external customers	12,324,232	4,024,003	1,690,572	–	18,038,807
Intersegment sales	29,929	57	2,228	(32,214)	–
Cost of sales	(4,150,595)	(2,903,598)	(1,399,820)	–	(8,454,013)
Other income and gains	874,139	97,469	43,342	(14,690)	1,000,260
Selling and distribution costs and administrative expenses	(3,295,047)	(766,395)	(351,816)	2,438	(4,410,820)
Other expenses	(419,300)	(15,408)	(9,315)	–	(444,023)
Finance costs	(136,299)	(319,205)	(56,288)	43,630	(468,162)
Impairment losses on financial and contract assets	(932,730)	(63,842)	(76,565)	–	(1,073,137)
Losses on disposal of financial assets measured at amortised cost	(592)	–	–	–	(592)
Share of net profits of associates	58,478	–	28	–	58,506
Share of net losses of joint ventures	(149,016)	–	–	–	(149,016)
Profit/(loss) before tax	4,203,199	53,081	(157,634)	(836)	4,097,810
Income tax expense	(1,779,354)	(16,479)	(41,561)	–	(1,837,394)
Profit/(loss) after tax	2,423,845	36,602	(199,195)	(836)	2,260,416
Segment assets	338,340,367	35,802,004	5,705,565	(6,624,108)	373,223,828
Other segment information:					
Impairment losses recognised in the statement of profit or loss	930,424	63,842	271,299	–	1,265,565
Depreciation and amortisation	123,749	1,532,259	161,526	–	1,817,534
Capital expenditure	227,795	961,682	44,828	–	1,234,305

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

3. OPERATING SEGMENT INFORMATION (CONTINUED)

As at and for the six months ended 30 June 2025 (unaudited)

	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 4)					
Sales to external customers	11,179,436	4,350,005	1,807,014	–	17,336,455
Intersegment sales	35,108	57	3,046	(38,211)	–
Cost of sales	(4,807,826)	(3,409,395)	(1,469,490)	–	(9,686,711)
Other income and gains	881,586	104,327	114,149	(17,637)	1,082,425
Selling and distribution costs and administrative expenses	(2,927,591)	(762,412)	(210,641)	4,133	(3,896,511)
Other expenses	(255,085)	(18,113)	(10,362)	–	(283,560)
Finance costs	(170,087)	(401,070)	(67,789)	50,880	(588,066)
(Impairment losses)/Reversal of impairment losses on financial and contract assets	(246,200)	186,877	(63,837)	–	(123,160)
Losses on disposal of financial assets measured at amortised cost	(1,350)	–	–	–	(1,350)
Share of net profits of associates	72,023	–	(11)	–	72,012
Share of net profits of joint ventures	100,391	–	–	–	100,391
Profit before tax	3,860,405	50,276	102,079	(835)	4,011,925
Income tax expense	(1,774,280)	(14,786)	(34,431)	–	(1,823,497)
Profit after tax	2,086,125	35,490	67,648	(835)	2,188,428
Segment assets	327,211,477	36,581,356	6,427,210	(6,420,426)	363,799,617
Other segment information:					
Impairment losses/(Reversal of impairment losses) recognised in the statement of profit or loss	438,937	(182,796)	63,837	–	319,978
Depreciation and amortisation	136,458	1,521,215	159,964	–	1,817,637
Capital expenditure	2,143,092	824,817	102,124	–	3,070,033

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chinese mainland	**17,050,832**	16,724,502
Saudi Arabia	**250,796**	179,930
The United Arab Emirates	**223,215**	106,811
Indonesia	**182,888**	127,348
Malaysia	**102,495**	66,676
Hong Kong	**13,808**	11,223
Other locations	**214,773**	119,965
Total	**18,038,807**	17,336,455

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Chinese mainland	**32,632,550**	35,031,470
Saudi Arabia	**1,287,921**	1,322,954
The United Arab Emirates	**1,103,642**	885,505
Indonesia	**575,991**	696,178
Hong Kong	**32,544**	35,995
Other locations	**1,668,611**	1,160,192
Total	**37,301,259**	39,132,294

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

(b) Non-current assets (continued)

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 period (six months ended 30 June 2025: Nil).

4. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME AND GAINS

An analysis of interest income, revenue from operating leases, revenue from contracts with customers and other income and gains is as follows:

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Interest income			
Interest income from finance leases, factoring and loans		**11,585,263**	10,594,309
Interest income from financial assets at fair value through profit or loss		**36,279**	62,941
Revenue from operating leases		**2,961,691**	2,926,173
Revenue from contracts with customers	(i)	**3,532,078**	3,835,905
Tax and surcharges		**(76,504)**	(82,873)
Total		**18,038,807**	17,336,455

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) **Disaggregated revenue information**

For the six months ended 30 June 2026

Segments	Financial, advisory and other business	Equipment operation	Hospital operation	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services				
Sale of goods	–	277,746	–	277,746
Construction services	–	769,486	–	769,486
Service fee income	543,150	–	–	543,150
Healthcare service income	–	–	1,674,595	1,674,595
Education service income	113,761	–	–	113,761
Chartering and brokerage income	475	–	–	475
Other income	106,414	15,118	31,333	152,865
Total revenue from contracts with customers	763,800	1,062,350	1,705,928	3,532,078
Geographical markets				
Hong Kong	1,483	5,696	–	7,179
Chinese mainland	756,241	968,349	1,705,928	3,430,518
Other locations	6,076	88,305	–	94,381
Total revenue from contracts with customers	763,800	1,062,350	1,705,928	3,532,078
Timing of revenue recognition				
Goods or services transferred at a point in time	314,276	277,746	643,015	1,235,037
Services transferred over time	449,524	784,604	1,062,913	2,297,041
Total revenue from contracts with customers	763,800	1,062,350	1,705,928	3,532,078

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) **Disaggregated revenue information (continued)**

For the six months ended 30 June 2025

	Financial, advisory and other business	Equipment operation	Hospital operation	Total
Segments	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services				
Sale of goods	–	285,094	–	285,094
Construction services	–	1,138,882	–	1,138,882
Service fee income	433,249	–	–	433,249
Healthcare service income	–	–	1,794,461	1,794,461
Education service income	104,204	–	–	104,204
Chartering and brokerage income	8,015	–	–	8,015
Other income	42,712	1,070	28,218	72,000
Total revenue from contracts with customers	588,180	1,425,046	1,822,679	3,835,905
Geographical markets				
Hong Kong	726	–	–	726
Chinese mainland	586,673	1,371,065	1,822,679	3,780,417
Other locations	781	53,981	–	54,762
Total revenue from contracts with customers	588,180	1,425,046	1,822,679	3,835,905
Timing of revenue recognition				
Goods or services transferred at a point in time	262,174	285,094	713,576	1,260,844
Services transferred over time	326,006	1,139,952	1,109,103	2,575,061
Total revenue from contracts with customers	588,180	1,425,046	1,822,679	3,835,905

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS AND 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 six months ended 30 June 2026

	Financial, advisory and other business	Equipment operation	Hospital operation	Total
Segments	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers				
External customers	**763,800**	**1,062,350**	**1,705,928**	**3,532,078**
Intersegment sales	**2,381**	**57**	**2,228**	**4,666**
	766,181	**1,062,407**	**1,708,156**	**3,536,744**
Intersegment adjustments and eliminations	**(2,381)**	**(57)**	**(2,228)**	**(4,666)**
Total revenue from contracts with customers	**763,800**	**1,062,350**	**1,705,928**	**3,532,078**

For the six months ended 30 June 2025

	Financial, advisory and other business	Equipment operation	Hospital operation	Total
Segments	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers				
External customers	588,180	1,425,046	1,822,679	3,835,905
Intersegment sales	1,891	57	3,046	4,994
	590,071	1,425,103	1,825,725	3,840,899
Intersegment adjustments and eliminations	(1,891)	(57)	(3,046)	(4,994)
Total revenue from contracts with customers	588,180	1,425,046	1,822,679	3,835,905

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. INTEREST INCOME, REVENUE FROM OPERATING LEASES, REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME AND GAINS (CONTINUED)

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Other income and gains			
Bank interest income		**50,822**	96,574
Gains on unlisted debt investments, at fair value		**98**	18,978
Gains on disposal of property, plant and equipment		**10,557**	83,171
Government grants	4a	**118,527**	122,628
Gains on disposal of subsidiaries		**29,884**	19,971
Interest income from continuing involvement in transferred assets		**–**	42,321
Fair value gains from financial assets at fair value through profit or loss		**533,722**	410,013
Fair value gains from financial liabilities at fair value through profit or loss		**32,670**	28,131
Realised gains on financial assets at fair value through profit or loss		**190,184**	200,184
Foreign exchange gains, net		**–**	37,852
Others		**33,796**	22,602
Total		**1,000,260**	1,082,425

4a. GOVERNMENT GRANTS

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Government special subsidies	**118,527**	122,628

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of borrowings (included in cost of sales)	**3,992,748**	4,711,141
Cost of inventories sold	**269,836**	244,571
Cost of construction contracts	**626,103**	967,664
Cost of operating leases	**2,009,287**	2,197,783
Cost of healthcare service	**1,394,224**	1,463,999
Cost of education service	**59,275**	57,472
Cost of others	**102,540**	44,081
Depreciation of property, plant and equipment		
Current period expenditure	**87,894**	91,250
Less: Government grants released**	**(732)**	(712)
Total	**87,162**	90,538
Depreciation of right-of-use assets	**66,166**	63,651
Amortisation of intangible assets and other assets	**41,807**	36,923
Auditors' remuneration – other services	**5,100**	4,100
Employee benefit expense (including directors' remuneration)		
– Wages and salaries*		
Current period expenditure	**3,069,671**	2,387,915
Less: Government grants released**	**(598,429)**	(222,695)
Total	**2,471,242**	2,165,220
– Equity-settled share-based payment expenses	**159,239**	108,131
– Pension scheme contributions	**112,140**	106,590
– Other employee benefits	**206,862**	200,594
	2,949,483	2,580,535

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

5. PROFIT BEFORE TAX (CONTINUED)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Impairment of investment in joint ventures	**68,397**	179,065
Reversal of impairment of investment in associates	**(6,936)**	–
Impairment of goodwill	**194,738**	–
Impairment of loans and accounts receivables (Note 10)	**1,071,230**	189,284
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	**15,002**	(31,055)
Reversal of impairment of credit commitments	**(13,095)**	(35,069)
(Reversal of impairment)/impairment of other assets	**(63,771)**	17,753
Lease payments not included in the measurement of lease liabilities	**40,861**	37,157
Entertainment expenses	**34,870**	35,911
Business travelling expenses	**151,708**	145,664
Consultancy fees	**132,442**	145,610
Office expenses	**41,170**	25,904
Advertising and promotion expenses	**21,479**	33,649
Transportation expenses	**63,263**	72,824
Communication expenses	**22,956**	27,310
Litigation expenses	**41,649**	47,544
Other miscellaneous expenses:		
Current period expenditure	**585,929**	548,387
Less: Government grants released**	**(6,191)**	(16,950)
Total	**579,738**	531,437

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

5. PROFIT BEFORE TAX (CONTINUED)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment	**3,909**	785
Donation	**10,996**	1,253
Bank commission expenses	**8,495**	5,295
Foreign exchange gains, net:		
Derivative gain or loss (recycled from equity under cash flow hedge)	**2,067,497**	(92,536)
Foreign exchange (gains)/losses	**(2,044,692)**	54,684
Total	**22,805**	(37,852)
Losses on disposal of joint ventures	**367**	12,882
Fair value losses from financial assets at fair value through profit or loss	**314,598**	42,982
Fair value losses from financial liabilities at fair value through profit or loss	**–**	17,523
Other expenditure	**21,391**	23,776
Finance costs	**468,162**	588,066
Losses on derecognition of loans and accounts receivables measured at amortised cost	**592**	1,350
Bank interest income	**(50,822)**	(96,574)
Interest income from continuing involvement in transferred assets	**–**	(42,321)
Fair value gains from financial assets at fair value through profit or loss	**(533,722)**	(410,013)
Fair value gains from financial liabilities at fair value through profit or loss***	**(32,670)**	(28,131)
Realised gains on financial assets at fair value through profit or loss	**(190,184)**	(200,184)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

5. PROFIT BEFORE TAX (CONTINUED)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

* The Group has adopted collective economic-gain bonus schemes (the "Schemes") since 2014. During the six months ended 30 June 2026, the Group did not pay any bonuses to the aforementioned plan (six months ended 30 June 2025: Nil), and no distribution was made to senior management and directors (six months ended 30 June 2025: Nil).

In 2022, new trust schemes (the "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 six months ended 30 June 2026, the Group did not pay any bonuses (six months ended 30 June 2025: Nil) to the 2022 Trust Schemes in the Chinese mainland, while paid bonuses of USD250,000,000 (six months ended 30 June 2025: USD250,000,000) to the 2022 Trust Schemes in Hong Kong. No distribution was made to senior management and directors under the 2022 Trust Schemes (six months ended 30 June 2025: Nil).

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 the 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.

*** The fair value gains from financial liabilities 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.

6. INCOME TAX

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Hong Kong profits tax		
Charge for the period	68,593	33,172
Current – Chinese mainland – Income taxes		
Charge for the period	1,992,412	1,660,795
(Overprovision)/Underprovision in prior periods	(16,932)	43,202
Deferred tax (Note 19)	(206,679)	86,328
Total tax charge for the period	1,837,394	1,823,497

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

6. INCOME TAX (CONTINUED)

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profits arising in Hong Kong for the period.

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% (six months ended 30 June 2025: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The State Administration of Taxation announced that enterprises of the encouraged industries in the Western Region of the PRC can apply 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. have been identified as having fulfilled the criteria 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. have been identified as having fulfilled the criteria of the aforesaid preferential taxation policy and thus have enjoyed a preferential tax rate of 15% since 2017. Qinghai Kangle Hospital Company Ltd. has been identified as having fulfilled the criteria 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

6. 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 to the tax expense at the effective tax rate is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before tax	**4,097,810**	4,011,925
Tax at the statutory income tax rates	**1,166,171**	1,220,206
Expenses not deductible for tax	**511,370**	595,293
Income not subject to tax	**(116,082)**	(282,748)
(Overprovision)/Underprovision in prior periods	**(16,932)**	43,202
Utilisation of previously unrecognised tax losses	**(18,360)**	(8,487)
Unrecognised tax losses and deductible temporary differences	**130,365**	87,513
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**131,294**	150,001
Effect of withholding tax on interest on intra-group balances	**49,568**	18,517
Income tax expense as reported in the interim condensed consolidated statement of profit or loss	**1,837,394**	1,823,497

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 period. 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

7. DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends	**1,279,739**	1,175,451

Pursuant to a resolution passed at the general meeting on 10 June 2026, the Company declared a final dividend of HKD0.31 per share in respect of the year ended 31 December 2025 to its shareholders whose names appear on the register of members of the Company on 18 June 2026. Based on the total number of outstanding ordinary shares of 4,748,320,997 (after excluding the 69,786,650 shares held for the share award scheme), cash dividends declared of approximately HKD1,471,979,000 (equivalent to RMB1,279,739,000) were recognised in the financial statements.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the six months ended 30 June 2026 is based on the consolidated net profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 4,737,217,820 (six months ended 30 June 2025: 4,239,083,563) outstanding during the period.

The calculation of the diluted earnings per share amount is based on the consolidated net profit for the period 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 period, 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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8. 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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**2,221,547**	2,163,585
Interest on the host debt component of convertible bonds	**–**	17,458
Profit attributable to ordinary equity holders of the parent, before the above impact arising from convertible bonds	**2,221,547**	2,181,043

Shares

	Number of shares For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares outstanding during the period, used in the basic earnings per share calculation	**4,737,217,820**	4,239,083,563
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,986,454**	1,151,255
Convertible bonds	**404,983**	408,982,818
Weighted average number of ordinary shares for diluted earnings per share	**4,745,609,257**	4,649,217,636

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment at a total cost of RMB1,015,203,000, including those through acquisition of subsidiaries (six months ended 30 June 2025: RMB1,131,672,000).

Property, plant and equipment with a net book value of RMB97,327,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB234,109,000), resulting in a net gain of disposal of RMB6,648,000 (six months ended 30 June 2025: a net gain of disposal of RMB82,386,000).

As at 30 June 2026, the Group had not obtained the property ownership certificate for one batch of buildings with a net book value of RMB1,216,000 (31 December 2025: RMB4,134,000). The Group was in the process of applying for the property ownership certificates for the above buildings as at 30 June 2026.

As at 30 June 2026, property, plant and equipment with a net carrying amount of RMB6,162,436,000 (31 December 2025: RMB7,411,336,000) were pledged to secure general banking facilities granted to the Group (Note 18(d)).

10. LOANS AND ACCOUNTS RECEIVABLES

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Loans and accounts receivables due within 1 year	**162,223,996**	159,010,646
Loans and accounts receivables due after 1 year	**121,622,146**	114,508,897
Total	**283,846,142**	273,519,543

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10a. Loans and accounts receivables by nature

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Lease receivables (Note 10b)*	291,223,502	277,746,503
Less: Unearned finance income	(25,710,766)	(24,604,747)
Net lease receivables (Note 10b)	265,512,736	253,141,756
Interest receivables*	2,092,987	2,014,905
Factoring receivable (Note 10g)	8,906,780	10,695,146
Entrusted loans (Note 10h)	730,336	970,860
Long-term receivables*	3,147,354	3,073,443
Secured loans	1,155,963	761,176
Subtotal of interest-earning assets (Note 10c)**	281,546,156	270,657,286
Less: Provision for lease receivables	(5,853,492)	(5,882,810)
Provision for factoring receivables	(281,610)	(315,122)
Provision for entrusted loans	(161,879)	(113,719)
Provision for long-term receivables	(41,477)	(26,566)
Provision for secured loans	(8,442)	(5,595)
Provision for interest-earning assets (Note 10d)**	(6,346,900)	(6,343,812)
Notes receivable, net	996,810	1,774,084
Accounts receivable (Note 10e)	9,362,756	9,028,378
Provision for accounts receivable (Note 10f)	(1,712,680)	(1,596,393)
Total of loans and accounts receivables	283,846,142	273,519,543

* These balances included balances with related parties which are disclosed in Note 10j.

** These balances are included in the interest-earning assets disclosed in Note 10c and Note 10d.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10b (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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Lease receivables:		
Within 1 year	**191,738,768**	187,281,763
1 to 2 years	**76,221,366**	67,461,775
2 to 3 years	**15,834,040**	13,941,307
3 to 5 years	**7,429,328**	9,061,658
Total	**291,223,502**	277,746,503

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Net lease receivables:		
Within 1 year	**173,194,009**	168,865,808
1 to 2 years	**70,543,046**	62,853,623
2 to 3 years	**15,047,629**	13,176,600
3 to 5 years	**6,728,052**	8,245,725
Total	**265,512,736**	253,141,756

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10b (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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Lease receivables:		
Due within 1 year	**164,767,897**	159,515,203
Due in 1 to 2 years	**89,807,402**	83,921,172
Due in 2 to 3 years	**33,457,560**	30,317,202
Due in 3 to 5 years	**3,190,643**	3,988,209
Due after 5 years	**–**	4,717
Total	**291,223,502**	277,746,503

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Net lease receivables:		
Due within 1 year	**147,636,999**	143,073,773
Due in 1 to 2 years	**82,990,801**	77,521,247
Due in 2 to 3 years	**31,828,430**	28,731,755
Due in 3 to 5 years	**3,056,506**	3,810,290
Due after 5 years	**–**	4,691
Total	**265,512,736**	253,141,756

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 30 June 2026, the Group's lease receivables pledged or charged as security for the Group's bank and other borrowings amounted to RMB50,497,988,000 (31 December 2025: RMB47,335,335,000) (Note 18(a)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10c. Analysis of interest-earning assets

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2026				
Interest-earning assets	**267,926,395**	**10,832,258**	**2,787,503**	**281,546,156**
Allowance for impairment losses	**(2,840,535)**	**(2,087,661)**	**(1,418,704)**	**(6,346,900)**
Interest-earning assets, net	**265,085,860**	**8,744,597**	**1,368,799**	**275,199,256**

	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – impaired)	Total
	(audited)	(audited)	(audited)	(audited)
	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

10d. 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, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10d. Movements in provision for interest-earning assets (continued)

	For the six months ended 30 June 2026			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III** (Lifetime ECL – impaired)	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the period	2,821,466	1,958,364	1,563,982	6,343,812
Impairment losses for the period	157,310*	332,874	437,271	927,455
Conversion to Stage I	31,927	(31,927)	–	–
Conversion to Stage II	(170,668)	170,668	–	–
Conversion to Stage III	–	(342,318)	342,318	–
Write-off	–	–	(1,171,826)	(1,171,826)
Recoveries of interest-earning assets previously written off	–	–	246,959	246,959
Exchange differences	500	–	–	500
At the end of the period	2,840,535	2,087,661	1,418,704	6,346,900

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10d. Movements in provision for interest-earning assets (continued)

	Year ended 31 December 2025			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III** (Lifetime ECL – impaired)	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	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

* This includes a loss allowance of RMB1,227,188,000 (31 December 2025: RMB2,543,543,000) provided for newly originated interest-earning assets, and RMB1,069,878,000 (31 December 2025: RMB1,638,278,000) 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 assets, so the finance leases are similar to secured lending. Among these interest-earning assets, 97% (31 December 2025: 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10e. An ageing 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.

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within 1 year	5,635,564	5,639,786
More than 1 year	3,727,192	3,388,592
Total	9,362,756	9,028,378

10f. Movements in provision for accounts receivable

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
At the beginning of period/year	1,596,393	1,637,436
Charge for the period/year	143,775	176,381
Write-off	(27,488)	(217,424)
At the end of period/year	1,712,680	1,596,393

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10f. Movements 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 30 June 2026

	Ageing				
	Within 1 year	**1-2 years**	**2-3 years**	**3-5 years**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Gross carrying amount (RMB'000)	**5,635,564**	**2,092,624**	**1,007,246**	**627,322**	**9,362,756**
Expected credit loss (RMB'000)	**583,071**	**420,902**	**377,607**	**331,100**	**1,712,680**
Average expected credit loss rate	**10.35%**	**20.11%**	**37.49%**	**52.78%**	**18.29%**

As at 31 December 2025

	Ageing				
	Within 1 year	1-2 years	2-3 years	3-5 years	Total
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
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%

10g. An ageing analysis of factoring receivables as at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within 1 year	**5,800,743**	8,006,601
More than 1 year	**3,106,037**	2,688,545
Total	**8,906,780**	10,695,146

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10h (1). An ageing 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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Entrusted loans:		
Within 1 year	2,328	200,003
1 to 2 years	–	42,988
2 to 3 years	69,979	34,854
3 to 5 years	639,692	674,902
Over 5 years	18,337	18,113
Total	730,336	970,860

10h (2). The table below illustrates the amounts of entrusted loans which the Group expects to receive in the following five or more than five consecutive accounting years:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Entrusted loans:		
Due within 1 year	260,746	368,674
Due in 1 to 2 years	469,590	597,849
Due in 2 to 3 years	–	4,337
Total	730,336	970,860

10i. Long-term receivables

As at 30 June 2026, the carrying value of long term receivables pledged or charged as collateral for the Group's borrowings amounted to RMB9,086,000 (31 December 2025: RMB227,848,000) (Note 18(b)).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10j. Balances with related parties

		30 June 2026	31 December 2025
		(Unaudited)	(Audited)
	Note	RMB'000	RMB'000
Joint ventures:			
– Guangzhou Kangda Industrial Technology Co., Ltd.			
Long term receivables	(i)	240,280	190,920
Interest receivables		2,201	818
– Ziyang Yuyi Construction Investment Co., Ltd.			
Long-term receivables	(i)	92,654	92,654
Interest receivables		10,459	8,060
– Guixi Hongye Infrastructure Investment Co., Ltd.			
Long-term receivables	(i)	51,750	26,000
Interest receivables		985	56
– Chengdu Jinlanrui City Construction and Development Co., Ltd.			
Long-term receivables	(i)	200,106	200,106
Interest receivables		20,856	12,807
– Guixi Hongyu Infrastructure Investment Co., Ltd.			
Long-term receivables	(i)	22,850	3,000
Interest receivables		228	6
– Deyang Hongbo Construction Investment Co., Ltd.			
Long-term receivables	(i)	62,540	10,640
Interest receivables		948	84
– Wuhan Hongye Construction and Development Co., Ltd.			
Long-term receivables	(i)	28,000	28,000
Interest receivables		–	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

10. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

10j. Balances with related parties (continued)

		30 June 2026	31 December 2025
		(Unaudited)	(Audited)
	Note	RMB'000	RMB'000
– Suzhou Hongcheng City Development Co., Ltd.			
Long-term receivables	(i)	5,355	5,355
Interest receivables		149	15
– Hangzhou Hongqian City Development Construction Co., Ltd.			
Long-term receivables	(i)	271,824	219,324
Interest receivables		8,147	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)	193,564	53,533
Interest receivables		2,652	607
– Hangzhou Jiehan City Development and Construction Co., Ltd.			
Long-term receivables	(i)	277,522	76,256
Interest receivables		2,759	438
– Shanghai Jielang Enterprise Management Co., Ltd.			
Long-term receivables	(i)	8	8
Interest receivables		–	–
Provision		(12,914)	(8,569)
Total		1,482,923	994,362

(i) Balances of long-term receivables were interest-earning at annual interest rate ranging from 3% to 8% (31 December 2025: from 3% to 8%).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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11. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2026		31 December 2025	
	Assets	Liabilities	Assets	Liabilities
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cross-currency interest rate swaps	81,439	(2,869,390)	320,419	(1,215,243)
Forward currency contracts	–	(106,308)	–	(71,857)
Interest rate swaps	661	(9,602)	189	(25,177)
Total	82,100	(2,985,300)	320,608	(1,312,277)
Portion classified as non-current:				
Cross-currency interest rate swaps	–	(2,216,257)	71,745	(985,668)
Forward currency contracts	–	(3,554)	–	(2,379)
Interest rate swaps	589	(1,968)	160	(12,628)
	589	(2,221,779)	71,905	(1,000,675)
Current portion	81,511	(763,521)	248,703	(311,602)
Total	82,100	(2,985,300)	320,608	(1,312,277)

Cash flow hedges under HKFRS 9

At 30 June 2026, the Group designated 178 (31 December 2025: 154) cross-currency interest rate swaps, 30 (31 December 2025: 39) forward currency contracts and 52 (31 December 2025: 71) interest rate swaps as hedges of future cash flows arising from foreign and local currency borrowings, details of which are as follows:

At 30 June 2026, the Group had 47 (31 December 2025: 44) cross-currency interest rate swaps in place with notional amounts of HKD15,196,892,000 (31 December 2025: HKD19,777,120,000) 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 2025: 2.45% to 4.51%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 47 floating rate borrowings denominated in HKD with the total principal of HKD15,196,892,000 (31 December 2025: HKD19,777,120,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges under HKFRS 9 (continued)

At 30 June 2026, the Group had 3 (31 December 2025: 3) cross-currency interest rate swaps in place with notional amounts of HKD450,000,000 (31 December 2025: HKD450,000,000) whereby the Group receives a fixed rate of interest on the HKD notional amount at 3.60% to 4.00% (31 December 2025: 3.60% to 4.00%) per annum and pays a fixed rate of interest on the RMB notional amount at 2.70% to 3.02% (31 December 2025: 2.70% to 3.02%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 3 fixed rate borrowing denominated in HKD with the total principal of HKD450,000,000 (31 December 2025: HKD450,000,000).

At 30 June 2026, the Group had 37 (31 December 2025: 33) cross-currency interest rate swaps in place with notional amounts of USD1,505,016,000 (31 December 2025: USD1,310,016,000) 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 4.15% (31 December 2025: 2.50% to 4.55%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 37 floating rate borrowings denominated in USD with the total principal of USD1,505,016,000 (31 December 2025: USD1,310,016,000).

At 30 June 2026, the Group had 64 (31 December 2025: 46) cross-currency interest rate swaps in place with notional amounts of USD2,551,909,000 (31 December 2025: USD1,881,000,000) whereby the Group receives a fixed rate of interest on the USD notional amount at 3.90% to 6.63% (31 December 2025: 4.25% to 6.63%) per annum and pays a fixed rate of interest on the RMB notional amount at 2.11% to 5.99% (31 December 2025: 3.00% to 5.99%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 64 fixed rate borrowings denominated in USD with the total principal of USD2,551,909,000 (31 December 2025: USD1,881,000,000).

At 30 June 2026, the Group had 2 (31 December 2025: 2) cross-currency interest rate swaps in place with notional amounts of JPY30,600,000,000 (31 December 2025: JPY30,600,000,000) 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 2025: 3.08%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 2 floating rate borrowings denominated in JPY with the principal of JPY 30,600,000,000 (31 December 2025: JPY30,600,000,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges under HKFRS 9 (continued)

At 30 June 2026, the Group had 6 (31 December 2025: 5) cross-currency interest rate swaps in place with notional amounts of JPY27,983,845,000 (31 December 2025: JPY18,200,000,000) whereby the Group receives a fixed rate interest on the JPY notional amount at 1.17% to 2.05% (31 December 2025: 1.20% to 2.05%) and pays a fixed rate interest on the RMB notional amount at 2.15% to 4.98% (31 December 2025: 2.60% to 4.98%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 6 fixed rate borrowings denominated in JPY with the principal of JPY27,983,845,000 (31 December 2025: JPY18,200,000,000).

At 30 June 2026, the Group had 9 (31 December 2025: 9) cross-currency interest rate swaps in place with notional amounts of EUR280,300,000 (31 December 2025: EUR280,300,000) 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 2025: 3.16% to 3.99%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 9 floating rate borrowings denominated in EUR with the total principal of EUR280,300,000 (31 December 2025: EUR280,300,000).

At 30 June 2026, the Group had 1 (31 December 2025: 4) cross-currency interest rate swap in place with a notional amount of EUR105,000 (31 December 2025: EUR155,568,000) whereby the Group receives a fixed rate of interest on the EUR notional amount at 3.60% (31 December 2025: 3.60% to 3.95%) per annum and pays a fixed rate of interest on the RMB notional amount at 4.25% (31 December 2025: 4.25% to 4.80%) per annum. The swap is being used to hedge the foreign currency and interest rate exposure of 1 fixed rate borrowing denominated in EUR with the principal of EUR105,000 (31 December 2025: EUR155,568,000).

At 30 June 2026, the Group had 9 (31 December 2025: 8) cross-currency interest rate swaps in place with notional amounts of AED1,449,450,000 (31 December 2025: AED1,339,350,000) 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 3.21% to 4.60% (31 December 2025: 3.22% to 4.60%) per annum. The swaps are being used to hedge the foreign currency and interest rate exposure of 9 floating rate borrowings denominated in AED with the total principal of AED1,449,450,000 (31 December 2025: AED1,339,350,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges under HKFRS 9 (continued)

At 30 June 2026, the Group had 9 (31 December 2025: 13) forward currency contracts with notional amounts of USD351,432,000 (31 December 2025: USD610,952,000) as hedges of future cash flows arising from foreign currency borrowings with the total principal of USD351,432,000 (31 December 2025: USD610,952,000) which will be settled in USD.

At 30 June 2026, the Group had 1 (31 December 2025: 2) forward currency contract with a notional amount of HKD200,000,000 (31 December 2025: HKD450,000,000) as hedge of future cash flows arising from a foreign currency borrowing with the principal of HKD200,000,000 (31 December 2025: HKD450,000,000) which will be settled in HKD.

At 30 June 2026, the Group had 1 (31 December 2025: 1) forward currency contract with a notional amount of JPY1,426,000,000 (31 December 2025: JPY3,424,385,000) as hedge of future cash flows arising from a foreign currency borrowing with the principal of JPY1,426,000,000 (31 December 2025: JPY3,424,385,000) which will be settled in JPY.

At 30 June 2026, the Group had 19 (31 December 2025: 23) forward currency contracts with notional amounts of EUR50,794,000 (31 December 2025: EUR55,950,000) as hedge of future cash flows arising from foreign currency borrowings with the total principal of EUR50,794,000 (31 December 2025: EUR55,950,000) which will be settled in EUR.

At 30 June 2026, the Group had 52 (31 December 2025: 70) interest rate swaps in place with notional amounts of RMB8,076,069,000 (31 December 2025: RMB13,749,967,000) whereby the Group receives interest at variable rates based on the Loan Prime Rate on the notional amount and pays interest at fixed rates on the RMB notional amount at 2.65% to 3.85% (31 December 2025: 2.65% to 3.85%) per annum. The swaps are being used to hedge interest rate exposure of 52 floating rate borrowings denominated in RMB with the principal of RMB8,076,069,000 (31 December 2025: RMB13,749,967,000).

There is an economic relationship between the hedged items and the hedging instruments as the terms of the cross-currency interest rate swaps, 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 swaps, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges under HKFRS 9 (continued)

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

The Group holds the following cross-currency interest rate swaps, 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 30 June 2026							
Cross-currency interest rate swaps							
Notional amount (in RMB'000)	74,085	1,904,800	1,285,065	3,963,526	7,709,446	13,752,065	28,688,987
Average forward exchange rate (USD/RMB)	7.1605	6.5837	7.0402	7.2281	7.1857	7.0719	
Notional amount (in RMB'000)	547,830	322,669	2,051,932	–	4,620,243	6,759,480	14,302,154
Average forward exchange rate (HKD/RMB)	0.9162	0.9167	0.9264	–	0.9179	0.9060	
Notional amount (in RMB'000)	–	280,170	430,000	–	215,253	1,737,580	2,663,003
Average forward exchange rate (JPY/RMB)	–	0.0483	0.0440	–	0.0478	0.0455	
Notional amount (in RMB'000)	830	–	1,257,940	–	610,917	350,540	2,220,227
Average forward exchange rate (EUR/RMB)	7.9410	–	7.8658	–	7.8524	8.2480	
Notional amount (in RMB'000)	–	–	1,028,704	–	800,772	960,661	2,790,137
Average forward exchange rate (AED/RMB)	–	–	1.9520	–	1.9208	1.9015	

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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
Forward currency contracts							
Notional amount (in RMB'000)	69,161	–	–	–	–	–	69,161
Average forward exchange rate (JPY/RMB)	0.0485	–	–	–	–	–	
Notional amount (in RMB'000)	1,385,285	973,956	–	–	–	68,355	2,427,596
Average forward exchange rate (USD/RMB)	6.9201	6.8778	–	–	–	6.8185	
Notional amount (in RMB'000)	181,120	–	–	–	–	–	181,120
Average forward exchange rate (HKD/RMB)	0.9056	–	–	–	–	–	
Notional amount (in RMB'000)	304,525	40,600	394	39,369	38,362	–	423,250
Average forward exchange rate (EUR/RMB)	8.3854	8.4195	8.4166	8.4145	8.4008	–	
Interest rate swaps							
Notional amount (in RMB'000)	357,803	1,680,684	983,773	1,247,920	3,805,890	–	8,076,070
Average interest rate (%)	3.4795	3.4016	3.4122	3.3064	2.9671	–	
Hedge rate	1	1	1	1	1	–	

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges under HKFRS 9 (continued)

The Group holds the following cross-currency interest rate swaps, 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 2025							
Cross-currency interest rate swaps							
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	

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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
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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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 period
	RMB'000	RMB'000		RMB'000
As at 30 June 2026				
Forward currency contracts	3,101,127	(106,308)	Derivative financial instruments liabilities	(88,454)
Cross-currency interest rate swaps	1,804,800	81,439	Derivative financial instruments assets	(149,445)
Cross-currency interest rate swaps	48,859,708	(2,869,390)	Derivative financial instruments liabilities	(1,703,748)
Interest rate swaps	2,414,000	661	Derivative financial instruments assets	472
Interest rate swaps	5,662,070	(9,602)	Derivative financial Instruments liabilities	9,452

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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 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 swaps	992,000	189	Derivative financial instruments assets	(65,515)
Interest rate swaps	13,039,119	(25,177)	Derivative financial Instruments liabilities	63,682

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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 period	**Cash flow hedge reserve**
	RMB'000	RMB'000
As at 30 June 2026		
Foreign currency bank loans amounting to RMB equivalent 59,481,538,000	**(1,931,723)**	**(777,058)**

	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)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges 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
For the six months ended 30 June 2026	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	(88,454)	1,519	(86,935)	–	N/A	99,504	(2,420)	97,084	Other expenses
Cross-currency interest rate swaps	(1,853,193)	13,995	(1,839,198)	–	N/A	1,777,121	(10,628)	1,766,493	Cost of sales/other expenses
Interest rate swaps	9,924	(2,479)	7,445	–	N/A	6,124	(1,373)	4,751	Cost of sales
Total	(1,931,723)	13,035	(1,918,688)	–	N/A	1,882,749	(14,421)	1,868,328	

	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 swaps	(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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments – transactions not qualifying as hedges:

As at 30 June 2026 and 31 December 2025, all derivatives were designated for the cash flow hedge purposes.

12. INVESTMENTS IN JOINT VENTURES

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Share of net assets	5,995,247	6,482,722
Excess of consideration over share of net assets acquired	17,844	17,844
Provision for impairment	(508,671)	(440,274)
Total	5,504,420	6,060,292

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
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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

12. 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. 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		Principal activities
			Ownership interest	Profit sharing	
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
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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

12. 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
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
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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. 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
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
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 Hongxiang City Construction Development Co., Ltd. (蘇州宏相城市建設發展有限責任公司)	Registered capital of RMB100,000,000	PRC/ Chinese mainland	70*	70	Infrastructure construction

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12. 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
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
Beijing Xingzhu Real Estate Development Co., Ltd. ("Xingzhu") (北京興竺房地產開發有限公司)	Registered capital of RMB470,000,000	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)	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 RMB180,000,000	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
Anhui Yuanyi Ruyi Venture Capital Fund (Limited Partnership) (安徽遠翼如意創業投資基金合夥企業(有限合夥))	Registered capital of RMB506,610,000	PRC/ Chinese mainland	59.2171*	59.2171	Investment holding

* 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 10j to the interim condensed consolidated financial information. There was no recent history of default and past due amounts for loans to joint ventures. As at 30 June 2026 and 31 December 2025, 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.

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12. 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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash and cash equivalents	362,029	272,806
Other current assets	3,478,766	3,449,059
Current assets	3,840,795	3,721,865
Non-current assets	136,854	135,626
Other payables and accruals	(696,153)	(634,870)
Current liabilities	(696,153)	(634,870)
Non-current liabilities	(965,315)	(930,607)
Net assets	2,316,181	2,292,014
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	1,389,709	1,375,208
Carrying amount of the investment	1,389,709	1,375,208

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue	111,676	131,902
Cost of sales	(52,216)	(58,577)
Administrative expenses	(8,005)	(6,576)
Other expenses, net	(26,577)	(32,044)
Profit and total comprehensive income for the period, net	24,878	34,705

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12. 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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash and cash equivalents	566,468	187,421
Other current assets	1,643,819	1,429,551
Current assets	2,210,287	1,616,972
Non-current assets	8,097	–
Other payables and accruals	(1,793,207)	(267,085)
Current liabilities	(1,793,207)	(267,085)
Non-current liabilities	–	(70,000)
Net assets	425,177	1,279,887
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	70%	70%
The Group's share of net assets of the joint venture, excluding the excess of consideration over share of net assets acquired	297,624	895,921
Carrying amount of the investment	297,624	895,921

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other expenses, net	(20,864)	(642)
Loss and total comprehensive income for the period, net	(20,864)	(708)

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12. 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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash and cash equivalents	9,200	6,760
Other current assets	476,987	635,863
Current assets	486,187	642,623
Other payables and accruals	(2,500)	–
Current liabilities	(2,500)	–
Net assets	483,687	642,623
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	192,778	256,124
Carrying amount of the investment	192,778	256,124

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other (expenses)/income, net	(156,915)	46,947
(Loss)/Profit and total comprehensive income for the period, net	(156,915)	46,947

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Share of the joint ventures' (losses)/profits for the period	**(86,798)**	61,352
Aggregate carrying amount of the Group's investments in the joint ventures	**3,624,309**	3,544,055

13. INVESTMENTS IN ASSOCIATES

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Share of net assets	**3,780,479**	3,844,496
Excess of consideration over share of net assets acquired	**320,408**	329,739
Provision for impairment	**(48,827)**	(55,763)
Total	**4,052,060**	4,118,472

As at 30 June 2026, the Group invested in three companies (31 December 2025: three) 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 2025: 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 2025: 7.6549%, 7.6342% and 17.0000%), respectively. The aforementioned companies are measured using the equity method.

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13. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Share of the associates' (loss)/profit for the period	**(12,261)**	10,418
Aggregate carrying amount of the Group's investments in the associates	**560,151**	694,805

The Group's loans and accounts receivable balances due from the associates are disclosed in Note 10j to the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash and bank balances	17,310,844	22,619,137
Time deposits	9,409,854	9,195,415
Subtotal	26,720,698	31,814,552
Less:		
Pledged deposits	10,478,315	10,427,542
Restricted bank deposits related to asset securitisations	17,175	11,841
Cash and cash equivalents	16,225,208	21,375,169

At 30 June 2026, the cash and cash equivalents and restricted deposits of the Group denominated in RMB amounted to RMB24,465,005,000 (31 December 2025: RMB31,488,123,000). 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 30 June 2026, cash of RMB10,442,030,000 (31 December 2025: RMB10,177,069,000) was pledged for bank and other borrowings (see Note 18(c)).

As at 30 June 2026, cash of RMB36,285,000 (31 December 2025: cash of RMB250,473,000) was pledged for bank acceptances, letters of credit and others.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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15. ASSETS HELD FOR SALE

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Carrying amount of the assets classified as held for sale	–	582,611
Assets:		
Investment in associates	–	503,351
Investment in a subsidiary	–	79,260
	–	582,611

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Unlisted equity investments, at fair value	2,559,719	2,855,970
Listed equity investments, at fair value	1,300,986	1,155,003
Unlisted debt investments, at fair value	9,855,184	10,182,816
Total	13,715,889	14,193,789
Analysed into:		
Current portion	2,545,002	2,454,400
Non-current portion	11,170,887	11,739,389

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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.

As at 30 June 2026, 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 RMB7,221,990,000 (31 December 2025: RMB7,110,644,000) (Note 18(b)).

17. TRADE AND BILLS PAYABLES

		30 June 2026	31 December 2025
		(Unaudited)	(Audited)
	Note	RMB'000	RMB'000
Current:			
Bills payable		913,286	1,006,058
Trade payables		7,323,167	6,758,246
Due to related parties	17a	6,807	7,116
Total		8,243,260	7,771,420

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within 1 year	6,261,730	7,499,083
1 to 2 years	1,868,680	178,463
2 to 3 years	34,306	39,370
3 years and beyond	78,544	54,504
Total	8,243,260	7,771,420

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

17. TRADE AND BILLS PAYABLES (CONTINUED)

17a. Balances with Related Parties

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Due to related parties:		
Joint venture:		
Grand Flight Investment Management Co., Ltd.	6,667	6,667
Associate:		
Shanghai Yijia Construction Development Co., Ltd.	140	449
Total	6,807	7,116

The trade payables are non-interest-bearing and are repayable within the normal operating cycle or on demand.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	3.00~3.65	2026~2027	342,179	3.45~3.65	2026	337,992
Bank loans – secured	1.40~3.00	2026~2027	373,364	1.40~3.50	2026	321,707
Current portion of long term bank loans – secured	1.90~3.80	2026~2027	15,258,253	1.90~4.00	2026	10,503,670
Bank loans – unsecured	1.14~4.93	2026~2027	14,439,003	1.08~4.93	2026	15,970,811
Current portion of long term bank loans – unsecured	1.90~7.12	2026~2027	47,310,138	2.05~7.12	2026	49,531,168
Other loans – secured	2.75~4.87	2026~2027	3,141,497	2.75~5.37	2026	4,510,448
Other loans – unsecured	2.42~6.00	2026~2027	100,296	2.42~6.00	2026	5,850,330
Bonds – secured	2.58~3.90	2026~2027	25,689,811	2.88~4.41	2026	20,014,616
Bonds – unsecured	1.45~6.63	2026~2027	26,325,870	1.50~5.50	2026	27,405,141
Subtotal – current			132,980,411			134,445,883
Convertible bonds – host debts			–	3.21	2026	3,047
Total – current			132,980,411			134,448,930

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Non-current						
Lease liabilities	3.00~4.30	2027~2039	477,802	3.10~4.30	2027~2039	556,151
Bank loans – secured	2.21~3.80	2027~2042	12,171,654	1.90~4.50	2027~2042	17,141,062
Bank loans – unsecured	1.73~5.36	2027~2033	81,643,816	1.48~5.27	2027~2032	77,752,131
Other loans – secured	2.75~4.87	2027~2031	6,348,886	2.75~5.37	2027~2030	9,031,488
Other loans – unsecured	2.90~3.15	2027~2028	1,520,694	3.15	2027	817,406
Bonds – secured	2.58~3.41	2027~2028	5,802,041	2.88~3.82	2027	3,465,084
Bonds – unsecured	1.85~6.00	2027~2029	26,063,483	1.90~6.63	2027~2028	24,601,558
Total – non-current			134,028,376			133,364,880
Total			267,008,787			267,813,810

The carrying amounts of borrowings are denominated in the following currencies:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
HKD	15,011,455	20,880,381
RMB	213,321,781	207,367,236
USD	30,815,155	30,358,750
EUR	2,583,177	4,060,124
Other	5,277,219	5,147,319
Total	267,008,787	267,813,810

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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18. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Fixed interest rate	118,683,272	124,246,651
Variable interest rate	148,325,515	143,567,159
Total	267,008,787	267,813,810

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	77,380,758	76,320,501
In the second year	54,717,066	52,064,731
In the third to fifth years, inclusive	35,654,196	39,228,512
Beyond five years	3,444,208	3,599,951
Subtotal	171,196,228	171,213,695
Other borrowings repayable:		
Within one year or on demand	55,599,653	58,128,428
In the second year	28,171,747	22,482,169
In the third to fifth years, inclusive	12,014,391	15,956,419
Beyond five years	26,768	33,099
Subtotal	95,812,559	96,600,115
Total	267,008,787	267,813,810

(a) As at 30 June 2026, the Group's bank and other borrowings secured by the pledge of certain of the Group's lease receivables amounted to RMB50,852,092,000 (31 December 2025: RMB45,716,051,000).

(b) As at 30 June 2026, 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 RMB4,838,653,000 (31 December 2025: RMB4,885,455,000).

(c) As at 30 June 2026, the Group's bank borrowings amounting to RMB8,331,013,000 (31 December 2025: RMB8,361,199,000) were secured by the pledge of bank deposits.

(d) As at 30 June 2026, the Group's bank and other borrowings, secured by the Group's leasehold land, and property, plant and equipment, amounted to RMB4,763,748,000 (31 December 2025: RMB6,025,370,000).

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19. DEFERRED TAX

The movements in deferred tax liabilities and assets during the period 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 2026	142,840	1,095,755	78,935	3,312,610	1,224,484	458,465	15,354	79,489	377	6,408,309
(Charged)/credited to the statement of profit or loss during the period	(33,012)	(14,854)	33,877	258,255	137,671	(23,576)	–	(74,215)	2,237	286,383
Charged to reserve	–	–	–	–	–	–	(1,386)	–	–	(1,386)
Exchange differences	–	–	–	(14)	–	(23)	–	–	–	(37)
Gross deferred tax assets at 30 June 2026 (Unaudited)	109,828	1,080,901	112,812	3,570,851	1,362,155	434,866	13,968	5,274	2,614	6,693,269

	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

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19. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities and assets during the period 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 2026	110,883	181,080	1,019,510	107,757	84,783	1,504,013
(Credited)/charged to the statement of profit or loss during the period	(1,654)	34,838	131,294	(80,783)	(3,991)	79,704
Payment of withholding tax	–	–	(459,236)	–	–	(459,236)
Gross deferred tax liabilities at 30 June 2026 (Unaudited)	109,229	215,918	691,568	26,974	80,792	1,124,481

	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	783,117	(28,608)	23,586	828,469
Payment of withholding tax	–	–	(326,758)	–	–	(326,758)
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

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19. 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:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,664,112	6,232,591
Net deferred tax liabilities recognised in the consolidated statement of financial position	1,095,324	1,328,295

As at 30 June 2026, the Group had tax losses arising in Hong Kong of RMB83,968,000 (31 December 2025: RMB84,105,000) 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 RMB1,649,812,000 (31 December 2025: RMB1,744,116,000) 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 30 June 2026, the Group did not recognise deferred tax assets arising in the Chinese mainland and Hong Kong in respect of unutilised tax losses of RMB5,352,246,000 (31 December 2025: RMB5,015,419,000) and RMB2,562,761,000 (31 December 2025: RMB2,441,835,000), 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 six months ended 30 June 2026, the Group charged withholding taxes of RMB131,294,000 (During the year ended 31 December 2025, the Group charged withholding taxes of RMB783,117,000). As at 30 June 2026, 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 2025: RMB1,325,646,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20. SHARE CAPITAL

	Number of shares	Amounts
		HKD
Issued and fully paid ordinary shares:		
At 31 December 2025 (Audited) (Note (i))	4,799,473,830	19,267,004,000
At 30 June 2026 (Unaudited) (Note (i))	4,818,107,647	19,405,550,000

Note:

(i) The Company purchased its own shares through a trust under a share award scheme, 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 2026 and 31 December 2025	4,799,473,830	19,267,004	15,639,775
Share options exercised (Note (ii))	18,154,719	135,441	118,791
Conversion shares issued (Note (iii))	479,098	3,105	3,109
As at 30 June 2026 (Unaudited)	4,818,107,647	19,405,550	15,761,675

Notes:

(ii) The subscription rights attaching to 5,153,882, 688,112, 1,005,817, 854,442, 1,821,801, 4,676,977, 2,613,665 and 1,340,023 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, resulting in the issue of 18,154,719 shares for a total cash consideration, after expenses, of HKD111,897,000. An amount of HKD23,544,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

(iii) During the period, there were conversions of the convertible bonds in the principal amount of USD400,000 with the corresponding equity component of USD19,000 and liability component of USD443,000. The Company has issued a total of 479,098 conversion shares to bondholders at the conversion price of HKD6.48 per conversion share.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

21. 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.

The share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payments under share option schemes and share award schemes 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.

22. CONTINGENT LIABILITIES

At 30 June 2026 and 31 December 2025, there were no contingent liabilities not provided for in the financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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23. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and other borrowings are included in Notes 9, 10, 14, 16 and 18 to the interim condensed consolidated financial information.

24. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for acquisition of property, plant and machinery	158,150	48,162

(b) Credit commitments

The Group's irrevocable credit commitments at the end of the reporting period were as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Irrevocable credit commitments	3,655,654	7,147,750

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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25. RELATED PARTY TRANSACTIONS

Relationship between the Group and its related parties:

Joint ventures

Guangzhou Kangda Industrial Technology Co., Ltd.
Fengyang Qianmen Hospital Co., Ltd.
Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd. *
Grand Flight Investment Management Co., Ltd.
Guangzhou Yimei Tiancheng Decoration Engineering Co., Ltd.
Ziyang Yuyi Construction Investment Co., Ltd.
Tianjin Shuishi Enterprise Management Co., Ltd.*
Guixi Hongye Infrastructure Investment Co., Ltd.
Guixi Hongyu Infrastructure Investment Co., Ltd.
Deyang Hongbo Construction Investment Co., Ltd.
Chengdu Jinlanrui City Construction and Development Co., Ltd.
Wuhan Hongye Construction and Development Co., Ltd.
Hangzhou Hongkun City Development And Construction Co., Ltd.
Chengdu Hongmin Urban Construction and Development Co., Ltd.
Suzhou Hongxiang City Construction Development Co., Ltd.
Hangzhou Jiehan City Development and Construction Co., Ltd.
Suzhou Hongcheng City Development Co., Ltd.
Sichuan Hongzhu City Construction Investment Co., Ltd.
Hangzhou Hongqian City Development Construction Co., Ltd.
Hangzhou Hongchen City Construction Development Co., Ltd.
Hangzhou Hongyue City Development Construction Co., Ltd. **
Beijing Xingzhu Real Estate Development Co., Ltd.
Yantai Yuanxin Zhongda Investment Co., Ltd.
Chengdu Huachuang Yixingao Property Development Co., Ltd.
Shanghai Jielang Enterprise Management Co., Ltd.

Associates

Shanghai Yijia Construction Development Co., Ltd.
Hangzhou Guoya Stomatological Hospital Co., Ltd.
Shanghai Hongzuo New Energy Technology Co., Ltd.
Liuzhou CSCEC Science and Industry Cultural Tourism Development Co., Ltd.

* Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd. and Tianjin Shuishi Enterprise Management Co., Ltd. are subsidiaries of Grand Flight Investment Management Co., Ltd.

** Hangzhou Hongyue City Development Construction Co., Ltd. is a subsidiary of Hangzhou Hongchen City Construction Development Co., Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

a. In addition to the balances in Notes 10 and 17 to the interim condensed consolidated financial information, at the end of the reporting period, the Group had the following balances with its related parties:

(i) Prepayments, other receivables and other assets

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Due from related parties		
Wuhan Hongye Construction and Development Co., Ltd.	46,050	44,050
Deyang Hongbo Construction Investment Co., Ltd.	14,321	14,321
Guangzhou Kangda Industrial Technology Co., Ltd.	12,000	12,000
Shanghai Yijia Construction Development Co., Ltd.	699	2,834
Fengyang Qianmen Hospital Co., Ltd.	565	565
Liuzhou CSCEC Science and Industry Cultural Tourism Development Co., Ltd.	384	–
Chengdu Hongmin Urban Construction and Development Co., Ltd.	299	9,257
Yantai Yuanxin Zhongda Investment Co., Ltd.	–	2,156
Hangzhou Hongkun City Development And Construction Co., Ltd.	–	1,184
Total	74,318	86,367

Amounts due from related parties of the Group are unsecured and non-interest-bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

a. In addition to the balances in Notes 10 and 17 to the interim condensed consolidated financial information, at the end of the reporting period, the Group had the following balances with its related parties: (continued)

(ii) Other payables and accruals

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Due to related parties		
Chengdu Jinlanrui City Construction and Development Co., Ltd.	150,597	55,330
Grand Flight Investment Management Co., Ltd.	24,661	71,701
Ziyang Yuyi Construction Investment Co., Ltd.	16,803	17,000
Tianjin Shuishi Enterprise Management Co., Ltd.	4,967	4,937
Deyang Hongbo Construction Investment Co., Ltd.	3,701	–
Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd.	2,683	2,663
Chengdu Hongmin Urban Construction and Development Co., Ltd.	1,249	–
Fengyang Qianmen Hospital Co., Ltd.	268	268
Chengdu Huachuang Yixingao Property Development Co., Ltd.	–	34,747
Total	204,929	186,646

Except for the amounts due to Grand Flight Investment Management Co., Ltd., Ziyang Yuyi Construction Investment Co., Ltd., Tianjin Shuishi Enterprise Management Co., Ltd., Deyang Hongbo Construction Investment Co., Ltd., Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd. and Fengyang Qianmen Hospital Co., Ltd., which bear interest at an interest rate of 1.485% per annum, amounts due to other related parties are unsecured and non-interest-bearing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

a. In addition to the balances in Notes 10 and 17 to the interim condensed consolidated financial information, at the end of the reporting period, the Group had the following balances with its related parties: (continued)

(iii) Interest-bearing bank and other borrowings

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Due to related parties		
Chengdu Hongmin Urban Construction and Development Co., Ltd.	194,147	–
Chengdu Huachuang Yixingao Property Development Co., Ltd.	208,000	–
Total	402,147	–

The borrowing from Chengdu Hongmin Urban Construction and Development Co., Ltd. bears interest at an interest rate of 3.1% per annum.

b. The Group had the following material transactions with related parties during the period:

(i) Interest expenses

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chengdu Hongmin Urban Construction and Development Co., Ltd.	1,249	–
Grand Flight Investment Management Co., Ltd.	412	344
Ziyang Yuyi Construction Investment Co., Ltd.	42	–
Tianjin Shuishi Enterprise Management Co., Ltd.	35	34
Deyang Hongbo Construction Investment Co., Ltd.	27	–
Tian Jin Grand Flight Hooyoung Asset Management Co., Ltd.	19	19
Total	1,784	397

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

b. The Group had the following material transactions with related parties during the period: (continued)

(ii) Interest income from loans and accounts receivables

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chengdu Jinlanrui City Construction and Development Co., Ltd.	**7,921**	3,860
Guangzhou Kangda Industrial Technology Co., Ltd.	**5,597**	4,269
Hangzhou Hongqian City Development Construction Co., Ltd.	**3,792**	–
Ziyang Yuyi Construction Investment Co., Ltd.	**2,379**	2,279
Hangzhou Jiehan City Development and Construction Co., Ltd.	**2,298**	–
Hangzhou Hongchen City Construction Development Co., Ltd.	**1,929**	–
Guixi Hongye Infrastructure Investment Co., Ltd.	**926**	928
Deyang Hongbo Construction Investment Co., Ltd.	**861**	150
Suzhou Hongxiang City Construction Development Co., Ltd.	**692**	–
Beijing Xingzhu Real Estate Development Co., Ltd.	**520**	–
Guixi Hongyu Infrastructure Investment Co., Ltd.	**221**	359
Suzhou Hongcheng City Development Co., Ltd.	**135**	–
Hangzhou Guoya Stomatological Hospital Co., Ltd.	**–**	4
Hangzhou Hongkun City Development And Construction Co., Ltd.	**–**	1,544
Chengdu Hongmin Urban Construction and Development Co., Ltd.	**–**	16
Wuhan Hongye Construction and Development Co., Ltd.	**–**	492
Shanghai Hongzuo New Energy Technology Co., Ltd.	**–**	1,727
Total	**27,271**	15,628

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

b. The Group had the following material transactions with related parties during the period: (continued)

(iii) Administrative fee

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Shanghai Yijia Construction Development Co., Ltd.	**–**	452

(iv) Service fee income

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sichuan Hongzhu City Construction Investment Co., Ltd.	**679**	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

25. RELATED PARTY TRANSACTIONS (CONTINUED)

b. The Group had the following material transactions with related parties during the period: (continued)

(v) Construction contract revenue

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Hangzhou Hongyue City Development Construction Co., Ltd.	15,564	–
Hangzhou Hongqian City Development Construction Co., Ltd.	3,441	–
Beijing Xingzhu Real Estate Development Co., Ltd.	1,843	–
Total	20,848	–

c. Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Employee benefits	60,774	56,610

The above employee benefits have not taken into consideration the employees' potential entitlement under the collective economic-gain bonus schemes (Note 5) during the six months ended 30 June 2026 and 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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26. FINANCIAL INSTRUMENTS BY CATEGORY

	As of 30 June 2026	As of 31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Financial assets as per the statement of financial position		
Financial assets at amortised cost:		
Loans and accounts receivables	283,846,142	273,519,543
Financial assets included in prepayments, other receivables and other assets	505,270	1,361,249
Restricted deposits	10,495,490	10,439,383
Cash and cash equivalents	16,225,208	21,375,169
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	13,715,889	14,193,789
Financial assets at fair value through other comprehensive income:		
Debt investments at fair value through other comprehensive income	370,534	260,855
Hedging instruments designated in cash flow hedges:		
Derivative financial instruments designated as hedging instruments in cash flow hedges	82,100	320,608
Total	325,240,633	321,470,596

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	As of 30 June 2026	As of 31 December 2025
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Financial liabilities as per the statement of financial position		
Financial liabilities at amortised cost:		
Trade and bills payables	8,243,260	7,771,420
Financial liabilities included in other payables and accruals	25,161,729	22,965,297
Interest-bearing bank and other borrowings	266,188,806	266,916,620
Convertible bonds – host debts	–	3,047
Lease liabilities	819,981	894,143
Financial liabilities at fair value through profit or loss:		
Other non-current liabilities	2,071,083	2,140,222
Hedging instruments designated in cash flow hedges:		
Derivative financial instruments designated as hedging instruments in cash flow hedges	2,985,300	1,312,277
Total	305,470,159	302,003,026

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY

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.

Loans and accounts receivables, restricted deposits, interest-bearing bank and other borrowings except for bonds issued and short-term borrowings

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Financial instruments not measured at fair value (continued)

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		Fair values	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Bonds issued	83,881,205	75,486,399	84,533,736	76,623,193
Convertible bonds – host debts	–	3,047	–	2,812

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Financial instruments measured at fair value

Cross-currency interest rate swaps and interest rate swaps

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 30 June 2026 and 31 December 2025:

Description	Fair value at 30 June 2026	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
	RMB'000			
Financial assets at fair value through profit or loss	11,294,394	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	(2,071,083)	Market comparable model/Adjusted recent transaction price	DLOM/Volatility	The higher the DLOM, the higher the fair value/The higher the volatility, the lower the fair value

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Financial instruments measured at fair value (continued)

Financial assets at fair value through profit or loss (continued)

Description	Fair value at 31 December 2025	Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
	RMB'000			
Financial assets at fair value through profit or loss	11,955,259	Market comparable model/Adjusted recent transaction price	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	DLOM/Volatility	The higher the DLOM, the higher the fair value/The higher the volatility, the lower the fair value

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).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Assets and liabilities measured at fair value

As at 30 June 2026

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cross-currency interest rate swaps – assets	–	81,439	–	81,439
Interest rate swaps – assets	–	661	–	661
Cross-currency interest rate swaps – liabilities	–	(2,869,390)	–	(2,869,390)
Forward currency contracts – liabilities	–	(106,308)	–	(106,308)
Interest rate swaps – liabilities	–	(9,602)	–	(9,602)
Financial assets at fair value through profit or loss	1,300,986	1,120,509	11,294,394	13,715,889
Debt investments at fair value through other comprehensive income	–	370,534	–	370,534
Other non-current liabilities	–	–	(2,071,083)	(2,071,083)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Assets and liabilities measured at fair value (continued)

As at 31 December 2025

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	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	1,083,527	11,955,259	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)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Assets and liabilities measured at fair value (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
Carrying amount at the beginning of the period	**11,955,259**	13,991,560
Changes in fair value recognised in profit or loss	**790,274**	557,931
Additions	**1,902,856**	1,789,752
Disposals	**(2,464,232)**	(2,775,172)
Transfers to Level 1*	**(889,763)**	(443,795)
Carrying amount at the end of the period	**11,294,394**	13,120,276

* 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.

During the six months ended 30 June 2026, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities (six months ended 30 June 2025: Nil).

Liabilities for which fair values are disclosed

As at 30 June 2026

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Bonds issued	–	84,533,736	–	84,533,736

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

27. FAIR VALUE HIERARCHY (CONTINUED)

Liabilities for which fair values are disclosed (continued)

As at 31 December 2025

	Level 1 Quoted prices in active markets	Level 2 Significant Observable inputs	Level 3 Significant unobservable inputs	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Bonds issued	–	76,623,193	–	76,623,193
Convertible bonds – host debts	–	2,812	–	2,812

28. EVENTS AFTER THE REPORTING PERIOD

On 5 August 2026, the board of directors (the "Board") approved the payment of an interim dividend of HKD0.25 per share in respect of the six months ended 30 June 2026 to shareholders whose names appear on the register of members of the Company on 18 September 2026. The interim dividend will be paid on 29 September 2026.

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 5 August 2026.