



交銀國際控股有限公司

BOCOM International Holdings Company Limited

(Incorporated in Hong Kong with limited liability)

Stock code: 3329

2025 ANNUAL REPORT



INTRODUCTION TO BOCOM INTERNATIONAL

BOCOM International Holdings Company Limited ("**BOCOM International**", stock code: 3329.HK) is the only integrated platform for securities and securities-related financial services of BOCOM (a state-owned joint stock commercial bank) in Hong Kong. As one of the earliest licensed securities firms with a PRC background in Hong Kong, BOCOM International has weathered many economic and industry cycles as well as regulatory reforms since its establishment in 1998, and is a securities firm specialising in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses in Hong Kong and successfully listed on the Main Board of the HKEX on 19 May 2017. BOCOM International seized cross-border business opportunities from the stock connect programmes and took full advantage of our background as a securities firm within a banking group to provide one-stop financial services for customers.

POWERFUL SUPPORT FROM CONTROLLING SHAREHOLDER — BOCOM

BOCOM, our controlling Shareholder founded in 1908, is one of the banks with the longest history in modern China. BOCOM reopened after reorganisation in 1987 and became the first nationwide state-owned joint-stock commercial bank in China, with its head office located in Shanghai. BOCOM was listed on the Hong Kong Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007.

BOCOM provides the customers with comprehensive financial services including deposits and loans, supply chain finance, cash management, international settlement and trade financing, investment banking, asset custody, wealth management, bank cards, private banking, treasury business, etc. In addition, the BOCOM Group is involved in businesses such as financial leasing, fund, wealth management, trust, insurance, overseas securities, and debt-to-equity swap through wholly-owned or controlling subsidiaries.



Reform-driven
development

Principle of
customer first



Technology-led
growth

Focus on
value creation





Contents

Financial Highlights	2
Financial Summary	3
Chairman's Statement	4
Management Discussion and Analysis	6
Corporate Information	21
Biographies of Directors and Senior Management	23
Report of the Directors	28
Corporate Governance Report	48
Corporate Social Responsibility Report	67
Awards	152
Independent Auditor's Report	153
Consolidated Income Statement	162
Consolidated Statement of Comprehensive Income	163
Consolidated Statement of Financial Position	164
Consolidated Statement of Changes in Equity	166
Consolidated Statement of Cash Flows	167
Notes to the Consolidated Financial Statements	170
Glossary	316

Financial Highlights

Results

Revenue and other income (HK\$' million)



Loss attributable to Shareholders of the Company (HK\$' million)



Basic/Diluted loss per Share (HKD)



Revenue and other income by segment

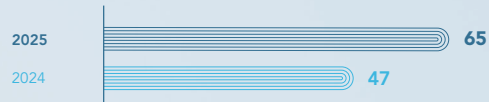
Brokerage (HK\$' million)



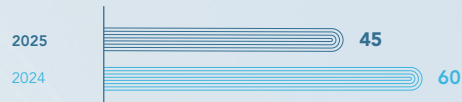
Corporate finance and underwriting (HK\$' million)



Asset management and advisory (HK\$' million)



Margin financing (HK\$' million)



Investment and loans (HK\$' million)



Others (HK\$' million)



Financial Position

Shareholders' equity – attributable to Shareholders of the Company (HK\$' million)



Total assets (HK\$' million)



Number of Shares in issue



NAV per Share – attributable to Shareholders of the Company (HK\$)



Financial Summary

	For the year ended 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
RESULTS					
Revenue and other income	1,642,634	(585,690)	613,177	387,514	1,071,424
Profit/(loss) attributable to Shareholders of the Company	262,420	(2,983,800)	(1,469,500)	(1,231,356)	(265,803)
Retained earnings/(accumulated losses) carried forward	3,251,003	130,483	(1,339,017)	(2,557,830)	(2,831,455)
	At 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
ASSETS AND LIABILITIES					
Current assets	20,916,993	15,313,240	11,110,500	10,120,510	10,848,446
Total assets	32,661,878	24,661,853	18,211,046	14,515,167	14,988,164
Current liabilities	10,114,024	14,713,094	7,052,118	6,426,091	11,229,029
Total liabilities	25,237,413	21,985,260	16,414,406	13,632,419	14,049,888

Chairman's Statement

To the Shareholders,

The year 2025 marked the culmination of the "14th Five-Year Plan" and set the groundwork for the "15th Five-Year Plan". During the year, the Group fully followed the guiding principles of the 20th National Congress of the Communist Party of China and its plenary sessions, the Central Economic Work Conference, and the Central Financial Work Conference. Closely aligning with national strategic deployments and actively dovetailing with Hong Kong's economic development, the Group focused its efforts and breakthroughs on thoroughly advancing the "Five Subjects" of financial endeavours. The Group remained committed to serving the real economy, continuously strengthened risk control, and achieved sustained improvement in its operating performance.

MACRO ENVIRONMENT AND MARKET REVIEW

In 2025, the global economy maintained a recovery trajectory amidst a complex and challenging external environment. With the rise of trade protectionism, the restructuring of global industrial and supply chains accelerated. Meanwhile, the macroeconomic policies of major economies have shown signs of divergence, resulting in uncertainties in global liquidity conditions. Nevertheless, the rapid advancement of the new-generation information technology industry has injected new momentum into the global economy. Through the concerted efforts of all parties worldwide, the world economy continued its modest growth trend.

In 2025, China's economy remained generally stable with steady progress. Faced with complex and ever-changing external environment, China's manufacturing sector, leveraging its strengths in comprehensive industrial systems, actively expanded into emerging markets. As a result, the country's foreign trade demonstrated considerable resilience, accompanied by continuous optimisation of import and export structures. New quality productive forces developed at an accelerated pace, with the share of high-tech manufacturing and green and low-carbon industries increasing significantly. The momentum of economic growth is steadily transitioning towards innovation-driven development. Hong Kong, China's capital market exhibited a notable resurgence in 2025.

PERFORMANCE REVIEW AND ANALYSIS

In 2025, by navigating a complex and volatile international economic environment, the Group continued to focus on its principal business, accelerated efforts to streamline operations and optimised its structure, and strived to refine its revenue mix. We further enhanced our risk control capabilities and strengthened internal control management, and improved our ability to analyse trends and proactively adjust product strategy. In conjunction with market analysis, we optimised resource allocation in a timely manner, achieving positive progress in building our operational and management capabilities. Due to the confluence of multiple factors, the Group recorded a loss for the full year. However, the magnitude of the loss was significantly reduced as compared to previous periods.

Throughout 2025, the Group was committed to diversifying its business development. In wealth management, we capitalised on the recovery opportunities in the Hong Kong market, steadily expanding our client base, leading to a substantial increase in Hong Kong stock business trading volume and securities brokerage commissions. Our asset management business actively served the “going global” initiatives of Chinese enterprises, achieving breakthroughs in segregated account business development. We launched a new USD-denominated money fund, which received the highest rating of “mfAAA_g” from China Chengxin (Asia Pacific). Our investment banking business focused on Hong Kong listing services, successfully assisting Deepexi Technology, an artificial intelligence solutions provider, in its listing on the Hong Kong Stock Exchange. Bond underwriting concentrated on green finance, with active participation in the Belt and Road Initiative, successfully facilitating the issuance of offshore RMB bonds for KazMunayGas. In investment business, we actively responded to the national strategy of technological self-reliance and self-improvement by empowering technological innovation, deepening and consolidating technology finance and supporting the development of the Hong Kong International Innovation and Technology Hub.

Looking ahead to 2026, the Group will remain steadfast in confidence, adhere to the principle of pursuing progress while ensuring stability, make efforts in risk research and identification, align itself with national strategies on all fronts, comprehensively serve the real economy and high-standard opening up, and fully support the development of Hong Kong as an international financial centre. With “increasing revenue, reducing costs, and strengthening capabilities” as our main strategic directions, we will deepen our transformation and development, optimise our product portfolio, and broaden our profit channels. We will steadfastly uphold safety and security, continuously reinforce our operational characteristics and advantages, and accelerate the promotion of high-quality development.

XIAO Ting
Chairman

Hong Kong, 25 March 2026

Management Discussion and Analysis

BUSINESS REVIEW

As one of the earliest licensed securities firms with PRC background in Hong Kong, we are a securities firm specialising in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. We believe that one of our core competitive strengths is our ability to offer comprehensive and integrated financial services and products that fulfil various investment and financing needs of clients. In 2025, the Group made continuous effort in enhancing licensed businesses. Nevertheless, as a result of the impact brought by various factors, the Group incurred a loss of HK\$265.8 million for the Year as compared to that of HK\$1,231.4 million for 2024.

Securities Brokerage and Margin Financing

Our securities brokerage business includes executing trades on behalf of clients in listed stocks, bonds, futures, options and other marketable securities. We execute trades on behalf of clients of various securities products, with primary focus on stocks listed on the Stock Exchange, and other types of securities, including eligible A shares under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, B shares of listed companies on the PRC stock exchanges, US stocks and bonds as well as futures and other exchange-tradable securities. Futures and options contract products include Hang Seng Index Futures and Options, Mini-Hang Seng Index Futures and Options, Hang Seng China Enterprises Index Futures and Options, Mini-Hang Seng China Enterprises Index Futures and Options and stock options.

In 2025, driven by multiple factors including favourable policies, IPO reforms and the enhancement of market technology, a surge in southbound funds, and the impetus from new economy industries, the Hang Seng Index rose 27.8% throughout the Year, achieving its best annual performance since 2017. The retail clients' willingness to invest also improved. On one hand, our team monitored market hotspots and capital flows, and precisely activated the existing clients' demand for stock-related products. On the other hand, to leverage the Group's investment and research capabilities and strengths so as to meet our clients' demand for comprehensive and integrated services, we continued to expand our local, corporate, and industrial investment clients.

We also continued to adjust our client structure. During the Year, we further strengthened the sharing of resources within the Group and actively cooperated with BOCOM Group's Hong Kong institutions to focus on developing local customers in Hong Kong, with remarkable achievements, including a year-on-year increase in the size of assets under collaboration. Collaborating with the branches of BOCOM outside Chinese mainland (including Hong Kong and Macau) throughout the Year, we achieved substantial growth in revenue from securities clients.

Management Discussion and Analysis

For the year ended 31 December 2025, our commission and fee income from the securities brokerage business was HK\$172.4 million, representing an increase of HK\$81.2 million or 89.1% as compared with 2024.

The following table sets forth a breakdown of the commission by product types of our securities brokerage business:

	Year ended 31 December			
	2025		2024	
	HK\$' million	%	HK\$' million	%
Hong Kong stocks	143.5	83.2	60.8	66.7
Non-Hong Kong stocks	10.0	5.8	9.2	10.1
Bonds	12.4	7.2	14.8	16.2
Others	6.5	3.8	6.4	7.0
	<u>172.4</u>	<u>100.0</u>	<u>91.2</u>	<u>100.0</u>

Our margin financing business includes offering collateralised financing for stocks and bonds relating to securities transactions to both retail and institutional customers who require financing. In general, the interest rates charged to the margin clients range from prime rate minus 2% to prime rate plus 5%, with reference to client's financial background, the quality of underlying collaterals and the overall business relationship with the Company.

In 2025, the number of margin client accounts increased to 9,780. The monthly average loan balance decreased and interest income from margin loans for the year ended 31 December 2025 was HK\$44.5 million, representing a decrease of HK\$15.6 million or 25.9% as compared with 2024.

Management Discussion and Analysis

The following table sets forth a summary of key operating and financial information of our margin financing business:

	31/12/2025	31/12/2024
Number of margin accounts	9,780	9,741
Balance of gross margin loans (HK\$' million)	398.9	995.2
Monthly average balance (HK\$' million)	794.0	1,067.4
Highest month end balance (HK\$' million)	1,173.1	1,331.5
Lowest month end balance (HK\$' million)	398.9	796.4
Margin value (HK\$' million) (Note 1)	644.3	1,113.6
Market value (HK\$' million) (Note 2)	2,001.7	2,848.3

Notes:

- 1) Margin value refers to the market value of the securities pledged as collateral for margin loans multiplied by a collateral discount ratio for each individual security.
- 2) Market value refers to the value of the securities pledged as collateral for margin loans at the real-time price of each individual security.

Corporate Finance and Underwriting

We are dedicated to building a comprehensive and cross-border platform for our corporate finance and underwriting business. To address various needs of our corporate clients at different stages, we provide advisory services ranging from IPO sponsorship, equity securities underwriting (both primary and secondary), debt securities underwriting, mergers and acquisitions, pre-IPO financing, and financial advisory.

In 2025, there were a total of 119 new listings on the Stock Exchange (including transfer of listing from GEM to Main Board). The number of new listings increased by 68% as compared with 2024. The aggregate amount of funds raised through IPOs was HK\$286.5 billion in 2025, representing an increase of 226% as compared with 2024.

During the Year, we acted as a joint sponsor for one IPO project. Furthermore, we acted as an overall global coordinator for four completed IPO projects and acted as a global coordinator and/or a bookrunner and/or a senior joint lead manager for 15 completed IPO projects as well as acted as a placing agent for one equity placing project. We also acted as a financial advisor and/or an arranger for 11 completed financial advisory projects. In respect of debt capital market, we completed 74 debt issuance projects, including 24 ESG bond projects, and successfully assisted corporations in raising USD23.946 billion in aggregate. We have built up a team of professionals to strengthen our capabilities in various financial advisory services such as pre-IPO equity financing, private credit, mergers and acquisitions and leveraged finance.

For the year ended 31 December 2025, our commission and fee income from corporate finance and underwriting services was HK\$49.2 million, representing a decrease of HK\$2.3 million or 4.4% as compared to that of HK\$51.5 million in 2024.

Asset Management and Advisory

We offer a full range of asset management products including both public and private equity funds, and discretionary management accounts, as well as investment advisory services, and provide comprehensive investment solutions and high-quality services to corporations, institutions, high-net-worth clients and individual investors.

As a fund manager, we have continued to build up our core competitiveness in investment and research integration, and successfully launched BOCOM International Money Market Fund (USD) on 3 June 2025. The fund is our first public USD-denominated currency fund approved by the Securities and Futures Commission of Hong Kong for issuance in Hong Kong. In respect of existing funds, for the year ended 31 December 2025, BOCOM International Dragon Core Growth Fund and BOCOM International China Dynamic Fund had a return of 15.77% and 19.02%, respectively, with positive double-digit returns recorded for two consecutive years. We focus on investing in high-quality projects in fields such as new energy automobiles, new energy, semiconductors, artificial intelligence, new materials, bio-pharmaceuticals and next generation information technology. Leveraging on BOCOM's group resources, we also provided a full range of integrated financial services to these high-quality science and innovation enterprises. We have targeted the digital economy and other industries that receive substantial local support in Hainan, aiming to assist local governments in attracting investment and capital and support enterprise development, through creating synergy in collaboration with the resources of BOCOM Group. Furthermore, we provided investors in the PRC and abroad with diversified cross-border asset management product portfolio and a full chain of QFLP and QDIE fund product services.

As at 31 December 2025, the total amount of our AUM was approximately HK\$22,593.5 million, representing an increase of 24.4% from HK\$18,155.5 million as at 31 December 2024. For the year ended 31 December 2025, asset management and advisory fee income increased by HK\$4.8 million or 13% as compared to that in 2024 to HK\$41.6 million. Proprietary trading gain was HK\$23.5 million, as compared to a proprietary trading gain of HK\$10.0 million in 2024.

Management Discussion and Analysis

Investment and Loans

Our investment business comprises mainly of equity investments, bond investments and unlisted fund investments. On the other hand, our loan business comprises mainly of structured financing and loans. We aim to achieve a balance between investment returns and tolerable risks.

The Group's equity investment strategy is focused on achieving long-term capital appreciation. In recent years, we carried out plans with foresight centred on new quality productive forces by closely monitoring strategic emerging industries, advanced manufacturing industries, areas such as those with technological innovation and upgrading of traditional industries, participated in debt-equity hybrid investments in enterprises with high growth potential. As of 31 December 2025, the Group's equity investments comprised of over 60 equity securities (including listed securities, unlisted securities and perpetual bonds, details of which are set out on page 229 under Note 22 to the Consolidated Financial Statements) with an aggregate fair value through profit or loss of approximately HK\$2,588.6 million, representing approximately 17.2% of the Group's total assets. The funding sources of our equity investments included bank and other borrowings, obligation under repurchase agreements, debt securities issued and internal funding. In terms of performance, the equity investments have yielded profit of approximately HK\$144.4 million during the Year.

The Group's bond investment strategy aims to generate stable interest income and preserve capital through a prudent approach to fixed income securities. The Group preferred short-to-medium duration products having maturity of one to three years with good credit standing. For debt securities which the Group intended to hold for selling and collecting cash flows ("**non-trading bonds**"), they were classified as financial assets at fair value through other comprehensive income whereas for debt securities which the Group intended to hold for trading purpose ("**trading bonds**"), they were classified as financial assets at fair value through profit or loss. As of 31 December 2025, the Group invested in over 80 non-trading bonds with aggregate fair value through other comprehensive income of approximately HK\$5,518.2 million and in over 26 trading bonds with aggregate fair value through profit and loss of approximately HK\$480.9 million, representing approximately 36.8% and 3.21% of the Group's total assets, respectively. With respect to the bond investments, as of 31 December 2025, more than 80% of such bonds were investment grade bonds; and approximately 65% of such bonds having maturity of one to three years, with the rest of them having maturities over three years. The funding sources of our debt investments included bank and other borrowings, obligation under repurchase agreements, debt securities issued and internal funding. In terms of performance, the trading bonds have yielded profit of approximately HK\$199.2 million during the Year.

The Group's investment strategy for unlisted fund is focused on achieving long term capital appreciation and stable returns by identifying high-quality, privately held investment opportunities. The strategy targets funds managed by established managers with proven track records, primarily in sectors aligned with the Group's core competencies or those demonstrating strong growth potential. As of 31 December 2025, the Group invested in 10 unlisted funds with aggregate fair value through profit or loss of approximately HK\$1,770.3 million, representing approximately 11.8% of the Group's total assets. The funding sources of our unlisted fund investments included bank and other borrowings, obligation under repurchase agreements, debt securities issued and internal funding. In terms of performance, the unlisted fund investments have yielded profit of approximately HK\$28.0 million during the Year. As of 31 December 2025, the top two unlisted fund investments accounted for approximately 65% of the total unlisted fund investments. Please refer to the section headed "Significant Investments Held" below for details of the largest unlisted fund investment made by the Company in Amber Leading Fund, L.P. in April 2018. The second largest unlisted fund investment made by the Company was the Company's indirect investment in Global Logistics Properties Limited and its subsidiaries through its direct investment in a fund. The investment was fully funded in December 2017. The initial cost of the investment was HK\$234.0 million and its fair value as at 31 December 2025 is assessed at HK\$371.6 million, representing 2.5% of the Group's total assets. In terms of performance, the investment has yielded profit of HK\$6.0 million during the Year. The purpose of the investment is to generate income and capital appreciation.

The Group has had risk management policies in place to identify, measure, monitor and control risks. In determining whether to make an investment, the Group will consider factors including but not limited to financial performance, business models, operating results, competitive positioning, management quality, valuation and credit rating (where applicable). For each of the major classes of investments (equity, bond and unlisted funds), the Group has established specific risk limits and consistent methods to assess and manage major risks. The Group sets and regularly monitors these risk limits and takes corrective action when relevant thresholds are approached or breached. With respect to equity investments and unlisted funds, there is a single exposure limit set at a particular absolute amount calculated with reference to certain percentage of the Group's total equity. The Group also has had in place a distressed equity asset limit set in absolute amount to cap the impact of non-performing equity investments and unlisted funds. With respect to bond investments, there are credit rating floor (minimum rating of BBB) and issuer concentration limit (maximum 10% per issuance). The Group also has had in place non-performing asset limit set in absolute amount to monitor the creditworthiness of the bond investments. In addition, the Group also has adopted market risk limits such as stop loss limit, value at risk and basis point value limit to cap potential losses from bond investments resulting from adverse market movements.

Management Discussion and Analysis

The Board has ultimate responsibility for the Group's investment activities including the approval of investment strategy, risk appetite and material investment decisions. The Board has delegated the relevant authority to the Chief Executive Officer to exercise within the scope of such authorisation, and such authority may be further delegated to relevant authorised personnel or committee in accordance with the Group's policies and internal authorisation arrangements. For details of the Group's risk management and internal control framework, please refer to the section headed 'Risk Management and Internal Control' in the Corporate Governance Report of this annual report. Investment committee assists in discharging investment making responsibilities, including approving investment proposals and monitoring and reviewing the Group's investment portfolios. Chief Executive Officer reports to the Board on the exercise of his delegated authority on a semi-annual basis.

For structured financing and corporate loans, we launched credit business during the Reporting Period, including leveraged financing, structured products, asset-backed loans, etc. In terms of asset classes, we mainly focused on loans to corporate clients. During the Reporting Period, we had three corporate clients. Our corporate clients primarily included those in real estate industry granted to which in 2021 or earlier and finance industry newly granted to which during the Reporting Period, to which the principal amount of loans granted amounted to HK\$452 million and HK\$28 million, respectively, as at 31 December 2025 (as at 31 December 2024: the principal amount of loans granted to corporate clients in the real estate industry, stated-owned enterprises and manufacturing industry amounted to HK\$694 million, HK\$502 million and HK\$10 million, respectively). The funding sources of our credit business included bank and other borrowings, obligation under repurchase agreements, subordinated loans, debt securities issued and internal funding. We determined the credit limit of respective clients based on various factors, including but not limited to the total value of assets maintained with the Group as well as their background, annual income, trading patterns and credit history. During the Reporting Period, the aggregate amount of loans granted to the three corporate clients was HK\$480 million, accounting for 100% of the total amount of loans granted by the Group during the Reporting Period, in which HK\$328 million was granted to the single largest client, representing 68.2% of the total amount of loans granted by the Group during the Reporting Period (as at 31 December 2024: the aggregate amount of loans granted to the top five clients was HK\$1,196 million, accounting for 98.8% of the total amount of loans granted by the Group during 2024, in which HK\$502 million was granted to the single largest client, representing 41.4% of the total amount of loans granted by the Group during 2024).

During the Reporting Period, the loans provided by the Group primarily included short-term and long-term loans. The interest rates we charged for the short-term loans ranged from 7.15% to 8.00% per annum, whilst the interest rates charged for the long-term loans was 4.38% per annum (as at 31 December 2024: the interest rates charged for the short-term loans ranged from 5.25% to 9.51% per annum, whilst the interest rates charged for the long-term loans ranged from 6.5% to 7.0% per annum). We considered a number of factors when determining the interest rate to be charged to each client, including the comprehensive business relationship, risk exposure (which covers, among others, the financial capability, business prospect, credit history and background of the client) and funding cost.

Management Discussion and Analysis

For the year ended 31 December 2025, interest income from loans and advances and financial assets at fair value through other comprehensive income was approximately HK\$250.8 million, representing a decrease of 3.0% as compared to HK\$258.5 million in 2024. Proprietary trading gain was HK\$161.1 million, achieving a turnaround as compared to loss of HK\$473.5 million in 2024, mainly due to the net gains from financial assets at fair value through profit or loss.

In general, we require our clients to provide collateral in the form of floating charge or fixed charge to secure their payment obligations under the loans granted to protect our financial position. For the secured collateral, during the Reporting Period, 84.3% of the secured collateral was in the form of securities and 15.7% was in the form of physical assets (as at 31 December 2024: all of the secured collateral was in the form of securities).

During the Reporting Period, the Group did not grant any short-term loans to its clients. As at 31 December 2025, the outstanding short-term loans with maturity of one year in the principal amount ranging from HK\$124 million to HK\$328 million (as at 31 December 2024: short term loans with maturity of one year in the principal amount ranging from HK\$4 million to HK\$502 million). Meanwhile, the Group granted one long-term loan with maturity of fifteen years in the principal amount of HK\$28 million to a corporate client under syndication arrangement. As at 31 December 2025, the outstanding long-term loans amounted to HK\$28 million (as at 31 December 2024: long-term loans with maturity ranging from two to five years in the principal amount ranging from HK\$71 million to HK\$168 million).

The table below sets forth our investment position by asset types for our equity and fixed income investment business:

	31/12/2025		31/12/2024	
	HK\$' million	%	HK\$' million	%
Fixed income securities	7,298.4	70.9	5,876.8	67.0
Bonds	7,068.8	68.7	5,673.3	64.7
Preference shares	229.6	2.2	203.5	2.3
Equity investments	20.3	0.2	48.3	0.6
Funds	2,968.0	28.9	2,838.1	32.4

Management Discussion and Analysis

Research

Our research team provides independent and objective research on macroeconomics, major global asset allocation, and cross-sectoral and multi-perspective investment strategies. In 2025, we continued to focus on forward-looking and thematic research, committed to comprehensive coverage across the value chains of trending sectors, identifying valuable investment opportunities and companies. We also strengthened internal research capabilities and deepened group-wide synergy. Simultaneously, we leveraged our extensive resources to provide more customised services to corporate, brokerage, and institutional clients, meeting their diverse research and investment needs. Looking ahead, we will continue our commitment to cutting-edge, in-depth, and differentiated research, steadily enhancing our brand influence and market competitiveness. As of December 2025, our research team covered 166 listed companies across over 50 sub-sectors and published 64 in-depth research reports. Our analysts' roadshows on various platforms garnered nearly 0.35 million views.

FINANCIAL REVIEW

Financial Performance

The following table sets out the breakdown of total revenue and other income by segments:

	Year ended 31 December	
	2025 HK\$' million	2024 HK\$' million
Brokerage	186.1	101.9
Corporate finance and underwriting	49.2	51.4
Asset management and advisory	65.1	46.9
Margin financing	44.5	60.1
Investment and loans	425.4	(200.1)
Others	301.1	327.3
Total	<u>1,071.4</u>	<u>387.5</u>

The Group's loss for the year ended 31 December 2025 was approximately HK\$265.8 million, comparing with a loss of HK\$1,231.4 million in 2024.

Operating Expenses

The Group's operating expenses and finance costs for the year ended 31 December 2025 amounted to HK\$1,346.2 million (2024: HK\$1,622.8 million), an analysis of which is set out below:

	Year ended 31 December			
	2025		2024	
	HK\$' million	%	HK\$' million	%
Commission and brokerage expenses	31.9	2.4	24.6	1.5
Finance costs	424.5	31.5	552.4	34.0
Staff costs	408.8	30.4	410.9	25.3
Depreciation	105.4	7.8	121.5	7.5
Other operating expenses	235.2	17.5	207.7	12.8
Change in impairment allowance	140.4	10.4	305.7	18.9
Total	<u>1,346.2</u>	<u>100.0</u>	<u>1,622.8</u>	<u>100.0</u>

Finance costs decreased by 23.2%, mainly due to a decrease in interest rate.

Impairment allowance decreased by 54.1%. As at 31 December 2025, the Group recognised an accumulated impairment allowance of HK\$720.9 million (a decrease of HK\$406.5 million from the accumulated impairment allowance of HK\$1,127.4 million as at 31 December 2024). The accumulated impairment losses as at 31 December 2025 comprised primarily of (i) impairment losses on loans and advances amounting to HK\$434.5 million (the "**Loan Impairment**") and (ii) impairment losses on debt investments at fair value through other comprehensive income (the "**debt investments**") amounting to HK\$213.1 million (the "**Debt Impairment**"). The Loan Impairment and the Debt Impairment were primarily attributable to the volatility in the capital market and the downturn in the real estate market in Chinese mainland.

The Group's impairment losses on loans and advances and debt investments are calculated based on a three-stage expected credit loss (the "**ECL**") model. The Group applies the ECL model to assess the Loan Impairment and the Debt Impairment and in doing such assessment, the Group, in accordance with HKFRS 9, takes into account the following factors:

- (i) the probability of default and in assessing such probability, the Group will (a) conduct past due age analysis; (b) perform due diligence on each debtor's changes in credit rating, business, financial or economic conditions and changes in the expected performance and behaviour of each debtor; and (c) consider the macro-environment and the repayment history of each debtor; and

Management Discussion and Analysis

- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the agreements and the cash flows that the Group expects to receive and in assessing such, the Group will take into account the collaterals (if any) provided for the debts, the seniority of the claim and potential recovery scenarios based on financial statements.

For the purpose of impairment assessment, the loans and advances and debt investments are classified as Stage 1, 2 and 3 under the ECL model. According to prevailing accounting standards, Stage 1 are debts with no significant increase in credit risk of the financial instrument since their initial recognition. Stage 2 are debts with increase in credit risk of the financial instrument since their initial recognition. Stage 3 are debts with significant increase in credit risk of the financial instrument since their initial recognition and are considered as credit-impaired.

Impairment was assessed for each of the loans and advances and debt investments and the ECL for internal impairment assessment has taken into account relevant considerations including: (i) expected life and contractual terms of the financial instrument; (ii) probability of default; and (iii) loss given default.

As at 31 December 2025, the Loan Impairment was made for three corporate customers, one of which is connected with the Group (as at 31 December 2024: Loan Impairment had been made for seven individual and corporate customers, none of which are connected with the Group). Among them, two customers fell within Stage 3 (i.e. credit impaired) (the **"Stage 3 Borrowers"**) and none of the borrowers fell within Stage 2. As at 31 December 2025, the total outstanding principal amounts owed by the Stage 3 Borrowers amounted to HK\$451.9 million (representing approximately 94.1% of the total amount of loans granted as at 31 December 2025).

As at 31 December 2025, the Debt Impairment was made in respect of 87 debt securities invested by the Group. Among such 87 debt securities, one debt security fell within Stage 2 (the **"Stage 2 Debt"**) and three debt securities fell within Stage 3 (the **"Stage 3 Debt"**). As at 31 December 2025, the total fair value of the Stage 2 Debt and the Stage 3 Debt amounted to HK\$38.0 million and HK\$1.9 million, respectively.

The Group has adopted debt collection procedures to minimise the impairment loss, which includes (i) closely monitoring the progress of repayment by checking if there is any overdue balance or late payment each month; (ii) sending reminders to the debtors to remind them of the outstanding balance status; (iii) engaging in negotiations and discussions with debtors on repayment; (iv) issuing statutory demand letters to debtors on amounts due; and (v) where appropriate, initiating legal actions against debtors for recovery of amounts due and taking possession of collaterals pledged. The action to be taken by the Group with respect to each debtor depends on, among others, the size of the debt, the financial capability and future prospect of the debtor, the likelihood of default, the loss given if default and the value of the collaterals (if any).

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31 December 2025 increased by HK\$447.1 million to HK\$2,025.0 million, as compared with HK\$1,577.9 million as at 31 December 2024.

The Group's net current assets decreased by HK\$4,075.0 million to net current liabilities of HK\$380.6 million as at 31 December 2025 (31 December 2024: net current assets of HK\$3,694.4 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.0 time as at 31 December 2025 (31 December 2024: 1.6 times).

As at 31 December 2025, the total borrowings of the Group amounted to HK\$12,539.7 million (31 December 2024: HK\$11,649.0 million), comprising of bank and other borrowings, obligation under repurchase agreements, subordinated loans and debt securities issued. Among these, the subordinated loans from the ultimate holding company amounted to HK\$1,000.0 million (31 December 2024: HK\$1,000.0 million).

Debt securities issued represented US\$500 million 1.75% guaranteed notes issued by a wholly-owned subsidiary of the Company on 28 June 2021 under the medium term note programme. The notes and the programme are listed on the Stock Exchange and the notes are issued to professional investors only as described in the pricing supplement dated 22 June 2021 and the offering circular dated 4 June 2021. The notes will mature on 28 June 2026 and are guaranteed by the Company.

As at 31 December 2025, the Group's gearing ratio was 1,336.5% (31 December 2024: 1,319.6%), as calculated by dividing total borrowings by total equity.

The Directors are of the view that the Group has maintained adequate liquidity for business operations and any investment opportunities that may arise in the near future.

Capital Structure

The Group finances its working capital requirements by cash generated from its business operations, bank loans (including loans from BOCOM) and medium term notes. Our capital structure consists of share capital and reserves.

Principal Risks

The Group faces a number of principal risks and uncertainties that if not properly managed could create an exposure for the Group. Thorough risk assessment and mitigation help to ensure these risks are well managed and effectively controlled. The Group focuses on addressing the following principal risks:

Management Discussion and Analysis

Currency Risk

The Group has certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Our currency risk exposure mainly lies in RMB and USD at present. The exchange rate of HKD against USD is relatively stable under the current pegged rate system in Hong Kong.

Interest Rate Risk

Our interest rate risk relates primarily to margin loans to customers, loans and subordinated loans and investments in debt securities. The Group has set up an asset portfolio management system to mitigate interest rate risk by diversification of assets and regular monitoring of risk exposure so as to quantify market exposure in duration terms.

Credit Risk

Our credit risk arises from the possibility that our clients or counterparties for a transaction may default. The Group has a range of credit policies and practices in place to mitigate such risk and ensure such risk is monitored on an ongoing basis.

Liquidity Risk

Our businesses rely on having sufficient funds to pay due debts, perform payment obligations and satisfy the capital requirements. The Group has implemented internal measures to monitor the liquidity risk and the foreseeable funding requirements to ensure certain subsidiaries of the Company that are regulated under the SFO continuously comply with the relevant rules and regulations.

Operational Risk

Our operational risk arises from direct or indirect financial loss resulting from incomplete or irregular internal processes, personnel mistakes, information technology system failures, or external events. The Group has implemented a range of internal controls and other measures to mitigate such risk.

Market Risk

In addition to the currency risk and interest rate risk mentioned above, our exposure to market risk also includes price risk of assets. The Group has implemented measures to manage and monitor such risks in order to keep potential losses to an acceptable level.

Material Acquisitions and Disposals

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Group.

Significant Investments Held

As at 31 December 2025, the Company held a significant investment in Amber, representing 5% or more of the Group's total assets. The Company had a commitment amount of HK\$233 million, accounting for 4.92% of total commitment of Amber. The initial cost of the investment in Amber was HK\$231 million, and its current fair value is assessed at HK\$786 million, which accounted for approximately 5.2% of the Group's total assets. In terms of performance, the investment has yielded unrealised loss of HK\$5.1 million during the Year. This investment is considered revenue-generating in the ordinary course of the Group's business and is classified as "financial assets at fair value through profit or loss" in the financial statements. Amber is organised for the purpose of investing indirectly through intermediate holding entities in ARM Technology (China) Co. Ltd, with a view to generating income and capital appreciation.

Charges on Group Assets

As at 31 December 2025, there was no charge on Group assets (31 December 2024: Nil).

Capital Commitments

As at 31 December 2025, the Group had no significant capital commitment.

Employees and Remuneration Policies

As at 31 December 2025, the Group had a total of 509 employees. Total staff costs amounted to approximately HK\$408.8 million for the year ended 31 December 2025.

The Group continuously refines its remuneration and incentive policies to boost business development and ensure employees receive competitive remuneration packages. The remuneration of the Directors is determined with reference to their duties, responsibilities, experience and to the prevailing market conditions. Mandatory provident fund scheme contributions and insurance packages have been provided to employees in accordance with local laws and regulations. The Group also provides various staff benefits according to, among others, the relevant internal policies of the Company. We conduct performance evaluations of our employees annually to provide feedback on their performance.

We systematically provide comprehensive and diverse trainings to improve the professional skills of our employees. Employees are subsidised for participating in training courses which keep them abreast of the latest industry and technical developments.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

OUTLOOK AND STRATEGY

Looking ahead to 2026, the world is witnessing profound changes unseen in a century, unfolding at an accelerated pace. Global economic recovery continues to confront numerous uncertainties and unstable factors. Concurrently, a new wave of technological revolution and industrial transformation is advancing rapidly, with cutting-edge technologies such as artificial intelligence and green, low-carbon solutions being swiftly translated into real productivity, providing fresh impetus for high-quality global economic development. Macro policies coordination and international cooperation among countries remain pivotal in fostering a stable global economic recovery.

For China, 2026 is the first year for the “15th Five-Year Plan”. The fundamentals underpinning China’s long-term growth remain robust and unchanged. China will continue to adhere to the general principle of pursuing progress while ensuring stability, accelerating the establishment of a new development paradigm. Leveraging its advantages of a super-sized market and a complete industrial system, China is poised to vigorously advance a new type of industrialisation, continue to make efforts in green and low-carbon development, the digital economy and other fields, and further strengthen the endogenous driving force of economic growth. In the nation’s journey towards high-quality development, the strategic opportunities for Hong Kong, China outweigh its challenges. Hong Kong, China will fully leverage its distinctive advantage of “enjoying strong support of the motherland and being closely connected to the world,” accelerate the building of an international innovation and technology hub, and guide capital to support technological innovation. In the process of advancing Chinese modernisation, the capital market of Hong Kong, China will play a more significant bridging role in the global capital market, further consolidating and elevating its leading position as an international financial centre.

The Group will proactively serve the national strategy of opening up, and closely align with the development of Hong Kong as “four centres and one hub”: international financial centre, international shipping centre, international trade centre and international innovation and technology centre, and international hub for high-calibre talents. Guided by the in-depth development of the “Five Subjects” of financial endeavours: sci-tech finance, green finance, inclusive finance, pension finance and digital finance as the guiding principle, the Group will foster its business concept of integrity, stability, compliance, prudence and innovation, continuously enhance its professional capabilities, rigorously reinforce risk control barriers, and support the development of the real economy with higher quality, more efficient and safer financial services, thereby constantly solidifying the foundation for its high-quality development.

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

XIAO Ting (Chairman)
(appointment effective from 20 January 2025)
SHAN Zengjian
(resignation effective from 31 March 2025)
ZHU Chen
WANG Yongqing
(resignation effective from 20 January 2025)

Executive Directors

XIE Jie (Chief Executive Officer)
WANG Xianjia (Deputy Chief Executive Officer and
Chief Risk Officer)
(resignation effective from 6 March 2026)
TAN Yueheng
(cessation as Chairman effective from
20 January 2025 and resignation effective
from 1 January 2026)

Independent Non-executive Directors

MA Ning
LIN Zhijun
PU Yonghao
(appointment effective from 24 April 2025)
TSE Yung Hoi
(resignation effective from 24 April 2025)

BOARD COMMITTEES

Strategy and Risk Management Committee

XIAO Ting (Chairman)
(appointment effective from 20 January 2025)
SHAN Zengjian
(resignation effective from 31 March 2025)
ZHU Chen
XIE Jie
WANG Xianjia
(resignation effective from 6 March 2026)
TAN Yueheng
(cessation as chairman of Strategy and Risk
Management Committee effective from
20 January 2025 and resignation effective
from 1 January 2026)
WANG Yongqing
(resignation effective from 20 January 2025)

Audit Committee

LIN Zhijun (Chairman)
MA Ning
PU Yonghao
(appointment effective from 24 April 2025)
TSE Yung Hoi
(resignation effective from 24 April 2025)
SHAN Zengjian
(resignation effective from 31 March 2025)
WANG Yongqing
(resignation effective from 20 January 2025)

Remuneration Committee

PU Yonghao (Chairman)
(appointment effective from 24 April 2025)
MA Ning
LIN Zhijun
TSE Yung Hoi
(resignation effective from 24 April 2025)
ZHU Chen
SHAN Zengjian
(resignation effective from 31 March 2025)

Nomination Committee

MA Ning (Chairman)
LIN Zhijun
PU Yonghao
(appointment effective from 24 April 2025)
TSE Yung Hoi
(resignation effective from 24 April 2025)
ZHU Chen
WANG Yongqing
(resignation effective from 20 January 2025)

Corporate Information

COMPANY SECRETARY

ZENG Jiali
(appointment effective from 27 September 2025)
YI Li
(resignation effective from 27 September 2025)

AUTHORISED REPRESENTATIVES

XIE Jie
(appointment effective from 6 March 2026)
WANG Xianjia
(resignation effective from 6 March 2026)
ZENG Jiali
(appointment effective from 27 September 2025)
YI Li
(resignation effective from 27 September 2025)

REGISTERED OFFICE

9/F, Man Yee Building, 68 Des Voeux Road Central,
Hong Kong

LEGAL ADVISER

As to Hong Kong laws
DLA Piper Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance

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

Bank of Communications Co., Ltd. Hong Kong
Branch
Industrial and Commercial Bank of China (Asia)
Limited
Industrial Bank Co., Ltd. Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
Ping An Bank Co., Ltd.

STOCK CODE

HKEX	3329
Reuters	3329.HK
HK Bloomberg	3329 HK

COMPANY WEBSITE

www.bocomgroup.com

Biographies of Directors and Senior Management

BOARD OF DIRECTORS

Non-executive Directors

XIAO Ting, aged 46, is the Chairman and a Non-executive Director of the Company. He was appointed as the Chairman and Non-executive Director of the Company in January 2025.

Mr. XIAO joined BOCOM Group in July 2006 and has held various positions in the BOCOM Group, including the vice president of the financial market business centre of BOCOM from May 2016 to December 2017, the vice president of the Beijing branch of BOCOM from December 2017 to August 2020, the vice president and president of the Hainan branch of BOCOM from August 2020 to November 2022, and the general manager of the international banking department and the offshore banking centre of BOCOM from November 2022 to May 2024, and has been an executive director and chairman of the board of directors of Bank of Communications (Hong Kong) Limited since August 2024.

Mr. XIAO graduated from Tsinghua University with a Bachelor's degree in Applied Mathematics in July 2001 and a Doctor of Science degree in Mathematics in July 2006. Mr. XIAO has also served as a director and vice president of the Chinese Banking Association of Hong Kong since December 2024, and an executive director of Hong Kong Chinese Enterprises Association and a director of Hong Kong Chinese Enterprises Charitable Foundation Limited since February 2025.

Biographies of Directors and Senior Management

ZHU Chen, aged 55, is a Non-executive Director of the Company. She was appointed as the Chief Executive Officer and an Executive Director of the Company in July 2022, and was re-designated as a Non-executive Director and resigned as the Chief Executive Officer of the Company in March 2024.

Ms. ZHU joined BOCOM Group in July 1993 and held several positions, including the deputy general manager of the international banking department of BOCOM from April 2007 to November 2012, the deputy general manager of the Taipei branch of BOCOM from November 2012 to October 2013, the general manager of the Taipei branch of BOCOM from October 2013 to July 2017, the general manager of the international banking department of BOCOM from July 2017 to July 2022, a non-executive director of Bank of Communications (Hong Kong) Limited from June 2018 to July 2022, has been a director of Bank of Communications Financial Leasing Co., Ltd. since August 2025 and a director of BOCOM Financial Asset Investment Co., Ltd. since December 2025.

Ms. ZHU graduated from Fudan University with a Bachelor's degree in Science in July 1993. In November 2019, she was selected as Shanghai Leading Financial Talent.

Executive Director

XIE Jie, aged 51, is the Chief Executive Officer and an Executive Director of the Company. He was appointed as a Chief Executive Officer and an Executive Director of the Company in March 2024. He is also a director of various subsidiaries of the Company.

Mr. XIE joined BOCOM Group in July 2000 and held several positions, including the deputy senior manager of business development, deputy senior manager of commercial and industrial enterprises and senior manager of commercial and industrial enterprises of the corporate banking department of BOCOM from July 2007 to March 2008, from March 2008 to August 2010 and from August 2010 to April 2011 respectively, the director of trust business and vice president of Bank of Communications International Trust Co., Ltd. from April 2011 to February 2013 and from April 2013 to August 2020 respectively, the general manager of Bank of Communications Capital Management Co., Ltd. from August 2020 to August 2022, the vice president of BOCOM Financial Asset Investment Co., Ltd. from April 2021 to July 2022, the president of BOCOM Financial Asset Investment Co., Ltd. from July 2022 to December 2023, an executive director of the same company from July 2022 to February 2024, and the chairman of the board of directors of Bank of Communications Capital Management Co., Ltd. from June 2023 to February 2024.

Mr. XIE graduated from Fudan University in July 2000, and obtained a Bachelor's degree in Economics and a Master's degree in Economics successively. He has served as a director of National Green Development Fund Co., Ltd. since July 2020, and a director and vice chairman of the Chinese Securities Association of Hong Kong since May 2024.

Independent Non-executive Directors

MA Ning, aged 53, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company in October 2016. From August 1996 to July 2002, he worked at the People's Bank of China (head office) where he was involved in devising policies and regulating the non-bank financial institutions in the PRC. From August 2002 to April 2010, he held various positions with and served as a managing director of Goldman Sachs (Asia) L.L.C.. From May 2010 to June 2015, he held various positions with Beijing Gao Hua Securities Company Limited and served as the deputy general manager and managing director. He has served as a managing partner of Tibet Lingfeng Venture Investment Partnership since August 2015.

Mr. MA graduated from Renmin University of China with a Bachelor's degree in Economics in July 1993. He obtained a Master's degree in International Finance from the Graduate School of the People's Bank of China in February 1996 and a Master's degree in Business Administration from London Business School in August 2002.

LIN Zhijun, aged 71, is an Independent Non-executive Director of the Company. He was appointed as a Director of the Company in October 2016. Mr. LIN is an independent non-executive director of China Everbright Limited (listed on the Stock Exchange, stock code: 0165) and China Construction Bank Corporation (listed on the Stock Exchange, stock code: 0939, and Shanghai Stock Exchange, stock code: 601939). He was an independent non-executive director of Dali Foods Group Company Limited (withdrawal of listing on the Stock Exchange) from August 2015 to August 2023 and Sinotruk (Hong Kong) Limited (listed on the Stock Exchange, stock code: 3808) from February 2007 to March 2024.

Mr. LIN held various teaching positions in the Faculty of Management at the University of Lethbridge, Canada from August 1990 to August 1998, the School of Business of the University of Hong Kong from September 1996 to June 1998, and the School of Business of Hong Kong Baptist University from September 1998 to December 2014. He served as the vice president of the Macau University of Science and Technology from March 2018 to June 2022, the dean of the Business School of the Macau University of Science and Technology from January 2015 to June 2020, and an associate vice president of the Macau University of Science and Technology from February 2017 to March 2018. He currently serves as the Head of Academic Accreditation Office, and a professor of the Business School of the Macau University of Science and Technology.

Mr. LIN obtained a Master's degree in Economics (accounting) from Xiamen University in December 1982, a Doctorate degree in Economics in December 1985, and a Master's degree in Business Administration from the University of Saskatchewan, Canada in October 1991. He has been a member of the American Institute of Certified Public Accountants since August 1995 and the Chinese Institute of Certified Public Accountants since June 1995. He is also a Chartered Global Management Accountant (CGMA) and a Certified Management Accountant (CMA) of Australia.

Biographies of Directors and Senior Management

PU Yonghao, aged 68, is an Independent Non-executive Director of the Company. He was appointed as an Independent Non-executive Director in April 2025. He served as a senior economist and vice president of Bank of China International (UK) Limited from October 1997 to December 2000, a senior economist of Nomura International (Hong Kong) Limited from December 2000 to August 2002, a senior consultant and team leader of the macroeconomic monitoring unit of Asia Recovery Information Center of Asian Development Bank from December 2002 to July 2003, and the head of the Asian economic research department of Cazenove Asia Ltd from September 2003 to June 2004. From June 2004 to June 2015, he successively served as the managing director and the chief investment officer for Asia Pacific, the chief investment strategist and the head of wealth management research department for Asia Pacific at UBS AG, and he served as the founding partner and the chief investment officer of Fountainhead Partners Company Limited from August 2015 to February 2018, and the managing director of Breamar Wealth Consulting Limited from May 2018 to November 2024. Mr. PU is currently the vice chairman of Chinese Financial Association of Hong Kong and a senior advisor of Fountainhead Partners Company Limited.

Mr. PU is currently an independent non-executive director of Guotai Haitong Securities Co., Ltd. (formerly known as "Guotai Junan Securities Co., Ltd.") (listed on the Shanghai Stock Exchange (stock code: 601211) and the Stock Exchange (stock code: 2611)) and Postal Savings Bank of China Co., Ltd. (listed on the Shanghai Stock Exchange (stock code: 601658) and the Stock Exchange (stock code: 1658)). He was an independent non-executive director of Huafa Property Services Group Company Limited (withdrawal of listing on the Stock Exchange) from June 2020 to November 2024 and Interra Acquisition Corporation (withdrawal of listing on the Stock Exchange) from September 2022 to April 2025.

Mr. PU graduated from Xiamen University with a Bachelor's degree in Accounting in July 1982 and a Master's degree in Economics in January 1985. He obtained a Master's degree in Science from The London School of Economics and Political Science in January 1989.

SENIOR MANAGEMENT

Please refer to the biography of Mr. XIE Jie set out above.

SHENG Jie, aged 41, is a Deputy Chief Executive Officer of the Company. She was appointed as a Deputy Chief Executive Officer of the Company in March 2024. She is also a director of various subsidiaries of the Company. From April 2009 to August 2016, Ms. SHENG worked at Beijing University of Technology and Beijing Institute of Technology. From August 2016 to November 2018, she was the corporate director and general manager of human resources of the predecessor of Huarong Investment Stock Corporation Limited. In February 2020, Ms. SHENG joined the Group and was the head of strategic clients department of the Company from May 2020 to February 2021. She has served as the head of science and technology innovation investment department of the Company since February 2021, and the general manager of BOCOM International (Shanghai) from January 2022 to January 2025, and the general manager of BOCOM International STI Private Fund Management (Shanghai) Co., Ltd.* (交銀國際科創私募基金管理(上海)有限公司) from January 2022 to September 2025.

Ms. SHENG graduated from the Chinese National Academy of Arts with a Doctorate degree in Arts in June 2017.

Report of the Directors

The Board presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. The regulated activities carried out by the Company's licensed subsidiaries include dealing in securities and futures and advising on securities and futures contracts, providing securities margin financing, advising on corporate finance and providing asset management services.

A list of the Company's principal subsidiaries as at 31 December 2025 and their particulars (including principal activities) are set out in Note 18 to the consolidated financial statements.

BUSINESS REVIEW

An analysis of the Group's principal activities by operating segments for the Year is set out in Note 4 to the consolidated financial statements.

A fair review of the Group's business, an analysis using financial key performance indicators, an indication of likely future developments in the Group's business, a description of the principal risks and uncertainties facing the Group, and particulars of important events affecting the Group that have occurred since the end of 2025 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report. The above sections form part of this Report of the Directors.

Please refer to "Environmental and Social Matters" and "Compliance with Laws and Regulations" paragraphs in this Report of the Directors for the Group's environmental policies and performance and the Group's compliance with the relevant laws and regulations that have a significant impact on the Group.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 162 to 163.

The Directors did not recommend the payment of a final dividend of the Year to the Shareholders.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The revenue attributable to the five largest customers of the Group accounted for less than 30% of the Group's total revenue for the Year.

The purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the Year.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 41 to the consolidated financial statements and in the consolidated statement of changes in equity on page 166 of this annual report, respectively.

As at 31 December 2025, the Company has no reserves available for distribution (2024: nil).

DONATIONS

During the Year, the Group did not make any charitable donations.

SHARE CAPITAL

Details of the Shares issued by the Company are set out in Note 33 to the consolidated financial statements for the year ended 31 December 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules as at the date of this annual report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the year ended 31 December 2025.

Report of the Directors

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report are:

Non-executive Directors

XIAO Ting (*appointment effective from 20 January 2025*)

SHAN Zengjian (*resignation effective from 31 March 2025*)

ZHU Chen

WANG Yongqing (*resignation effective from 20 January 2025*)

Executive Directors

XIE Jie

WANG Xianjia (*resignation effective from 6 March 2026*)

TAN Yueheng (*resignation effective from 1 January 2026*)

Independent Non-executive Directors

MA Ning

LIN Zhijun

PU Yonghao (*appointment effective from 24 April 2025*)

TSE Yung Hoi (*resignation effective from 24 April 2025*)

The directors of the Company's subsidiaries during the Year and up to the date of this annual report are Mr. XIE Jie, Mr. WANG Xianjia, Mr. TAN Yueheng, Mr. SU Fen, Ms. SHENG Jie, Ms. YI Li, Ms. CHOI Suet Yin, Ms. XIONG Ying, Ms. WEN Ting, Mr. LI Wu, Ms. GAO Tingting, Ms. TIAN Runjuan, Ms. CHEN Jing, Mr. HUANG Yan, Mr. ZHAO Honghao, Ms. TANG Yi, Mr. ZHANG Lebin, Mr. WU Chun Wan David, Mr. ZHANG Jing, Mr. CHENG Siu Kong Conrad, Ms. XIONG Xuan, Ms. DONG Yanran, Mr. WONG Chi Fung, Ms. SUN Li and Mr. WONG Ka Lok.

CHANGE OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Ms. ZHU Chen has served as a director of BOCOM Financial Asset Investment Co., Ltd. * (交銀金融資產投資有限公司) since December 2025.

Mr. PU Yonghao has served as an independent non-executive director of Postal Savings Bank of China Co., Ltd. (listed on the Stock Exchange, stock code: 1658, and listed on the Shanghai Stock Exchange, stock code: 601658) since January 2026.

Save as disclosed in this report, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Biographical information of the Directors and Chief Executive is set out on pages 23 to 27 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each Director has entered into a letter of appointment in relation to his/her role as a director of the Company.

None of the Directors has entered into any service contracts with any member of the Group which is not determinable by the Company (or other member of the Group) within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY

The Articles of Association provides that, subject to the Companies Ordinance, every Director, Company Secretary or other officer of the Company shall be indemnified by the Company against all expenses and liabilities incurred by him/her in the execution and discharge of his/her duties.

The Company has arranged for appropriate insurance policies for Directors' and Officers' Liabilities in respect of legal actions that may be brought against them, and such insurance policies were in force during the Year and as at the date of this Report of the Directors.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the Year or subsisted at the end of the Year.

Report of the Directors

DIRECTORS' INTEREST IN COMPETING BUSINESSES

During the Year, Mr. XIAO Ting, Ms. ZHU Chen, Mr. SHAN Zengjian (resigned on 31 March 2025) and Mr. WANG Yongqing (resigned on 20 January 2025), the Non-executive Directors, held certain directorships, executive roles and/or positions in the BOCOM Group.

The Articles of Association requires each Director to declare his/her interests in transactions or proposed transactions with the Group which may be in conflict with his/her duties or interests as a Director. In addition, the Group has implemented adequate internal approval and monitoring procedures in relation to continuing connected transactions to ensure that the interests of the Shareholders as a whole are safeguarded.

Save as disclosed above, none of the Directors is interested in any businesses apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Details of the connected transactions, continuing connected transactions and material related party transactions are set out in this Report of the Directors and Note 36 to the consolidated financial statements, respectively.

Save as disclosed above, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who at any time in the Year was a Director or any entity connected with such a Director had, directly or indirectly, a material interest subsisted at any time during the Year or at the end of the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage to the total number of issued Shares of the Company (%)
TAN Yueheng	Beneficial owner	2,000,000	0.07

Long Positions in shares of associated corporation – BOCOM

Name of Director/ Chief Executive	Capacity	Class of shares held in the associated corporation	Number of shares held	Approximate percentage to the total number of relevant class of issued shares of the associated corporation (%)	Approximate percentage to the total number of issued shares of the associated corporation (%)
XIAO Ting	Beneficial owner	A shares	183,400	0.00	0.00
ZHU Chen	Beneficial owner	A shares	190,000	0.00	0.00
XIE Jie	Beneficial owner	A shares	120,000	0.00	0.00
WANG Xianjia	Beneficial owner	A shares	80,000	0.00	0.00
TAN Yueheng	Beneficial owner	H shares	244,000	0.00	0.00
		A shares	140,000	0.00	0.00

Save as disclosed above, as at 31 December 2025, none of the Directors or Chief Executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Report of the Directors

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

For the year ended 31 December 2025, none of the Company or any of its subsidiaries had signed any agreements to enable the Directors to acquire benefits by means of the acquisition of shares or debt securities (including debentures) of the Company or any other body corporate and none of the Directors, their spouses or their children under the age of 18 had any rights to subscribe for securities of the Company, or had exercised any such rights.

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

As at 31 December 2025, the interests and short positions of all persons (other than the Directors or Chief Executive of the Company) in the Shares and underlying Shares of the Company as required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or to the best of the Directors' knowledge, were as follows:

Name of Shareholder	Capacity	Long position/ Short position	Total number of Shares held	Approximate percentage to the total number of issued Shares of the Company (%)
BOCOM	Interest in a controlled corporation, beneficiary of trust ⁽¹⁾	Long position	2,000,000,000	73.14
BOCOM Nominee	Interest in a controlled corporation, trustee (other than bare trustee) ⁽²⁾	Long position	2,000,000,000	73.14

Notes:

- (1) Expectation Investment is an indirect subsidiary of BOCOM and is the beneficial owner of 500,000 Shares. BOCOM is deemed to be interested in an aggregate of 2,000,000,000 Shares which BOCOM Nominee is interested in as trustee (other than a bare trustee) and which Expectation Investment is interested in as beneficial owner.
- (2) BOCOM Nominee is a subsidiary of BOCOM and (a) holds 1,999,500,000 Shares on trust for BOCOM and (b) controls 50% of the voting rights of Expectation Investment which is the beneficial owner of 500,000 Shares.

Save as disclosed above, as at 31 December 2025, the Company was not aware of any other persons, other than the Directors and Chief Executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had interests or short positions in the Shares or underlying Shares of the Company that were required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTION

The following transaction constituted connected transaction of the Company under the Listing Rules during the year ended 31 December 2025:

Provision of Loan

On 25 June 2025 (after trading hours), the borrowers (see details below), BOCOM (Hong Kong Branch) (being the sole lender of loan A, the agent, security agent and an arranger), the Company (being one of the lender of loan B), Hua Xia Bank Co., Limited, Hong Kong Branch (being the one of the lender of loan B) and BOCOM International Securities Limited (being an arranger) entered into the loan agreement pursuant to which (i) BOCOM (Hong Kong Branch) agreed to provide to the borrowers the loan A in the aggregate principal amount not exceeding US\$299,531,502; and (ii) the Company and Hua Xia Bank Co., Limited, Hong Kong Branch agreed to provide to the borrowers the loan B in the aggregate principal amount not exceeding US\$79,622,298, of which up to US\$3,791,538 is to be provided by the Company. The interest rates for the loan A and the loan B are Term SOFR plus 0.74% and Term SOFR plus 0.69%, respectively, payable every three months (or such other period as agreed between the agent and the borrowers). Each of the loan A and the loan B is to be made in one lump sum according to the requirements of the loan agreement. The borrowers shall apply the loan primarily towards refinancing part of the costs of the vessels under the vessel mortgage. The loans shall be repaid in 60 equal consecutive instalments, each in the sum as set out in the loan agreement, whereby the instalments shall fall due in successive three monthly interval from the drawdown date. The loan shall be repaid in full by the final repayment date, which is the earlier of 15 years from the drawdown date and the date on which the relevant vessel charter contract expires. The borrowers have provided vessel mortgage, general assignments of rights, title and interest under certain vessel charter contracts and account charge as security. Besides, pursuant to put option agreements, if any of the borrowers fails to make any repayment three business days from the relevant due date, the security agent has the right to require Bank of Communications Financial Leasing Co., Ltd. to purchase or find a buyer to purchase the relevant vessel under the vessel mortgage at a price specified in the put option agreement and the sale proceeds will be used for repayment.

The borrowers, being Xiang H95 International Ship Lease Co., Limited, Xiang H96 International Ship Lease Co., Limited, Xiang H97 International Ship Lease Co., Limited, Xiang H98 International Ship Lease Co., Limited, Xiang H99 International Ship Lease Co., Limited, Xiang H100 International Ship Lease Co., Limited, Xiang H101 International Ship Lease Co., Limited, Xiang H102 International Ship Lease Co., Limited, Xiang H103 International Ship Lease Co., Limited and Xiang L50 HK International Ship Lease Co., Limited are directly wholly-owned by Bank of Communications Financial Leasing Co., Ltd., which in turn is directly wholly-owned by BOCOM, the controlling shareholder of the Company. BOCOM (Hong Kong Branch) is the Hong Kong Branch of BOCOM. Hua Xia Bank Co., Limited, Hong Kong Branch and Hua Xia Bank Co., Limited are third parties independent of the Company and connected persons of the Company. BOCOM International Securities Limited is a direct wholly-owned subsidiary of the Company.

The loan provision is in the ordinary and usual course of business of the Group. The terms of the loan agreement (including the interest rates) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice and the amount of the loan provision. Having considered the financial background of the borrowers, the interest income to be received by the Group, the security provided by the borrowers, the put option agreement and the value of the vessels under the vessel mortgage, the Directors (including the independent non-executive Directors) consider that the terms of the loan agreement are fair and reasonable and the loan provision is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Due to the positions of Mr. XIAO Ting and Ms. ZHU Chen in the BOCOM Group, they have abstained from voting on the Board resolutions in respect of the approval of the loan provision.

CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions under the Listing Rules during the year ended 31 December 2025:

(a) Financial Services Framework Agreement

The Company entered into a financial services framework agreement (the “Financial Services Framework Agreement”) with BOCOM on 25 April 2017 to govern the existing and future provision of financial services between the Group and the BOCOM Group with effect from the Listing Date and shall continue up to and including 31 December 2019. The Financial Services Framework Agreement shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules. The automatic renewal of the term of the Financial Services Framework Agreement for the three years ended 31 December 2022 was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 14 June 2019. As the Company intended to continue to enter into transactions of similar nature after 31 December 2022, the automatic renewal of Financial Services Framework Agreement for the three years ending 31 December 2025 was approved by the Board on 31 May 2022 and approved by the independent Shareholders at the extraordinary general meeting of the Company held on 29 June 2022 and the further revised annual caps for the year ending 31 December 2025 were approved by the Board on 25 September 2025 and approved by the independent Shareholders at the extraordinary general meeting of the Company held on 5 November 2025.

Under the Financial Services Framework Agreement, the Group provides the following financial services to the BOCOM Group:

- i. securities brokerage settlement and subscription of new shares;
- ii. investment advisory and management services; and
- iii. underwriting, sponsoring, securities issuance and advisory services.

Under the Financial Services Framework Agreement, the BOCOM Group provides the following financial services to the Group:

- i. deposit services;
- ii. customer referral services;
- iii. fund product distribution services; and
- iv. miscellaneous banking and financial services.

The Financial Services Framework Agreement provides that the provision of financial services by the Group to the BOCOM Group and by the BOCOM Group to the Group must be (i) in the ordinary and usual course of business of the Group and the BOCOM Group, (ii) on an arm's length basis, (iii) on normal commercial terms or better to the Group, (iv) on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable transactions (in respect of the provision of financial services by the BOCOM Group to the Group) and on terms no less favourable than those offered by the Group to independent third parties for similar transactions (in respect of the provision of financial services by the Group to the BOCOM Group), (v) in accordance with the specified pricing policies and (vi) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Financial Services Framework Agreement expired on 31 December 2025. The Company has entered into a new financial services framework agreement with BOCOM on 25 November 2025 to replace the Financial Services Framework Agreement with effect from 1 January 2026 for the three years commencing from 1 January 2026. It was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 17 December 2025.

The annual caps in respect of the transactions contemplated under the Financial Services Framework Agreement for the year ended 31 December 2025 and the respective actual amounts received/paid in 2025 are as follows:

	Annual cap for the year ended 31 December 2025 (HK\$ million)	Actual amount for the year ended 31 December 2025
Revenue received by the Group from the BOCOM Group	376.6	86.2
Fees and commissions paid by the Group to the BOCOM Group	122.2	9.7

In respect of the customer referral services provided by the BOCOM Group to the Group under the Financial Services Framework Agreement, the Company and BOCOM (Hong Kong Branch) have entered into a referral agreement dated 25 April 2017 (the "Referral Agreement") pursuant to which BOCOM (Hong Kong Branch) has undertaken to refer to the Group for its consideration to undertake all margin financing for secondary market transactions of existing and new customers of BOCOM (Hong Kong Branch), except margin financing for secondary market transactions of private banking customers of BOCOM (Hong Kong Branch).

Report of the Directors

On 29 January 2018, the Bank of Communications (Hong Kong) Limited (Merger) Ordinance (Chapter 1182 of the Laws of Hong Kong) (the "Ordinance") became effective. Pursuant to the Ordinance, the existing activities, assets and liabilities which constitute the retail banking business and private banking business of BOCOM (Hong Kong Branch) have been transferred to Bank of Communications (Hong Kong) Limited in accordance with the requirements of the Ordinance. Due to the aforementioned transfer and in light of the spirit underlying the Referral Agreement, on 29 January 2018, the Company and Bank of Communications (Hong Kong) Limited entered into a referral agreement (the "Further Referral Agreement") pursuant to which Bank of Communications (Hong Kong) Limited has undertaken to refer to the Group for its consideration to undertake all margin financing for secondary market transactions existing and new customers of Bank of Communications (Hong Kong) Limited, except margin financing for secondary market transactions of private banking customers of Bank of Communications (Hong Kong) Limited. The key terms of the Further Referral Agreement are the same as those of the Referral Agreement except that Bank of Communications (Hong Kong) Limited is a party to the Further Referral Agreement instead of BOCOM (Hong Kong Branch). On 31 March 2025, the Company entered into an amended and restated agreement to the Referral Agreement (the "Amended and Restated Referral Agreement") with BOCOM (Hong Kong Branch) and an amended and restated agreement to the Further Referral Agreement (the "Amended and Restated Further Referral Agreement") with Bank of Communications (Hong Kong) Limited to amend and supplement, among others, the fees and commissions payable by the BOCOM Group to the Group for securities brokerage settlement and subscriptions of new shares. The key terms of the Amended and Restated Referral Agreement are the same as those of the Amended and Restated Further Referral Agreement except that signing parties involved are different.

Bank of Communications (Hong Kong) Limited has confirmed to the Company that it has complied with the terms of the Further Referral Agreement and Amended and Restated Further Referral Agreement for the year ended 31 December 2025 and (if applicable) provided all relevant information as reasonably requested by the Independent Non-executive Directors for their annual review.

In addition to the annual confirmation provided by Bank of Communications (Hong Kong) Limited, BOCOM (Hong Kong Branch) has also provided to the Company a confirmation regarding its compliance with the terms of the Referral Agreement and Amended and Restated Referral Agreement for the year ended 31 December 2025 and (if applicable) provided all relevant information as reasonably requested by the Independent Non-executive Directors for their annual review.

Based on the confirmations and information (where applicable) provided by BOCOM (Hong Kong Branch) and Bank of Communications (Hong Kong) Limited, the Independent Non-executive Directors are not aware of any non-compliance with the terms of (i) the Referral Agreement and Amended and Restated Referral Agreement; and (ii) Further Referral Agreement and Amended and Restated Further Referral Agreement by BOCOM (Hong Kong Branch) and Bank of Communications (Hong Kong) Limited, respectively during the Year.

(b) Derivatives Transactions Framework Agreement

The Company entered into a derivatives transactions framework agreement (the “Derivatives Transactions Framework Agreement”) with BOCOM on 25 April 2017 to govern all existing and future derivatives transactions between the Group and the BOCOM Group, with effect from the Listing Date and shall continue up to and including 31 December 2019. The Derivatives Transactions Framework Agreement shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules. The automatic renewal of the term of the Derivatives Transactions Framework Agreement for the three years ended 31 December 2022 was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 14 June 2019. As the Company intends to continue to enter into transactions of similar nature after 31 December 2022, the automatic renewal of Derivatives Transactions Framework Agreement for three years ending 31 December 2025 was approved by the Board on 31 May 2022 and approved by the independent Shareholders at the extraordinary general meeting of the Company held on 29 June 2022. The derivatives transactions include commodity derivatives transactions with the BOCOM Group at specified prices and terms at the over-the-counter market and at an offshore commodity futures exchange on substantially similar prices with an insignificant spread and on otherwise identical commercial terms but in the opposite direction.

The Derivatives Transactions Framework Agreement provides that the derivatives transactions between the Group and the BOCOM Group must be (i) in the ordinary and usual course of business of the Group and the BOCOM Group, (ii) on an arm’s length basis, (iii) on normal commercial terms or better to the Group, (iv) on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable derivatives transactions and (v) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The annual caps in respect of the transactions contemplated under the Derivatives Transactions Framework Agreement for the year ended 31 December 2025 and the respective actual amounts received/paid in 2025 are as follows:

	Annual cap for the year ended 31 December 2025 (HK\$ million)	Actual amount for the year ended 31 December 2025
Trading gains or losses to the Group ^{Note 1}	96.3	–
Maximum fair value recorded as financial assets	65.5	–
Maximum fair value recorded as financial liabilities	65.5	–

Note:

1. This does not include the trading gains or losses arising from the derivatives transactions in opposite directions to be entered into by the Group at offshore commodity futures exchanges (which do not constitute continuing connected transactions of the Company).

Report of the Directors

(c) Property Leasing Framework Agreement

The Company entered into a property leasing framework agreement with BOCOM (the “Property Leasing Framework Agreement”) on 25 April 2017 to govern the leasing of properties by the Group from the BOCOM Group with effect from the Listing Date and shall continue up to and including 31 December 2019. The Property Leasing Framework Agreement shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules. The automatic renewal of the term of the Property Leasing Framework Agreement for the three years ended 31 December 2022 was approved by the Board on 26 March 2019. As the Company intended to continue to enter into transactions of similar nature after 31 December 2022, the automatic renewal of Property Leasing Framework Agreement for three years ending 31 December 2025 was approved by the Board on 31 May 2022.

The Property Leasing Framework Agreement provides that all the leasing transactions must be (i) in the ordinary and usual course of business of the Group and the BOCOM Group, (ii) on an arm’s length basis, (iii) on normal commercial terms or better to the Group, (iv) at rentals determined by reference to the prevailing market rents and on terms no less favourable than those offered by the BOCOM Group to independent third parties for similar or comparable properties at the relevant locations and (v) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Property Leasing Framework Agreement expired on 31 December 2025 and its automatic renewal for the three years ending 31 December 2028 was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 17 December 2025.

The maximum total value of right-of-use assets related to the leases entered into by the Group for the lease of properties from the BOCOM Group for the year ended 31 December 2025 and the actual amount paid in 2025 are as follows:

	Annual cap for the year ended 31 December 2025 (HK\$ million)	Actual amount for the year ended 31 December 2025
Total value of right-of-use assets ^{Note 1}	124.0	37.7

Note:

1. As the Hong Kong Financial Reporting Standards 16 is applicable to the Group, the Group recognises the transactions contemplated under the Property Leasing Framework Agreement as acquisition of right-of-use-asset and a lease liability at the date which the leased asset is available for the use under the Property Leasing Framework Agreement where the relevant member(s) of the Group acts as a lessee. They are initially measured on a present value basis and depreciated over the shorter of the asset’s useful life or the lease term on a straight line basis. The annual cap represents the total value of right-of-use assets related to the leases which has been or anticipated to be entered into by the Group in the relevant year under the Property Leasing Framework Agreement.

(d) **Financial Technology Services Framework Agreement**

The Company entered into a financial technology services framework agreement (the “Financial Technology Services Framework Agreement”) on 1 December 2020 with BOCOM to govern the existing and future provision of financial technology services between the Group and the BOCOM Group with effect from 24 December 2020 and shall continue up to and including 31 December 2022. The Financial Technology Services Agreement shall be renewed automatically for successive periods of three years thereafter, subject to compliance with the then applicable requirements of the Listing Rules. As the Company intended to continue to enter into transactions of similar nature after 31 December 2022, the automatic renewal of the Financial Technology Services Framework Agreement for the three years ending 31 December 2025 was approved by the Board on 31 May 2022 and approved by the independent Shareholders at the extraordinary general meeting of the Company held on 29 June 2022.

Under the Financial Technology Services Framework Agreement, the Group provides the following financial technology services to the BOCOM Group:

- i. computer software development, information system operation and maintenance services and information system integration services; and
- ii. information system consultancy services.

The Financial Technology Services Framework Agreement provides that the provision of financial technology services by the Group to the BOCOM Group must be (i) in the ordinary and usual course of business of the Group and the BOCOM Group, (ii) on an arm’s length basis, (iii) on normal commercial terms or better to the Group, (iv) on terms no less favourable than those offered by the Group to independent third parties for similar or comparable financial technology transactions, (v) in accordance with the specified pricing policies and (vi) in compliance with, among other things, the Listing Rules and applicable laws and regulations.

The Financial Technology Services Framework Agreement expired on 31 December 2025. The Company has entered into a new financial technology services framework agreement with BOCOM on 25 November 2025 (the “New Financial Technology Services Framework Agreement”) to replace the Financial Technology Services Framework Agreement and the Second Digital RMB Marketing Service Framework Agreement (see below) with effect from 1 January 2026 for the three years commencing from 1 January 2026. It was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 17 December 2025.

Report of the Directors

The annual caps in respect of the transactions under the Financial Technology Services Framework Agreement for the year ended 31 December 2025 and the respective actual amounts received in 2025 are as follows:

	Annual cap for the year ended 31 December 2025 (RMB million)	Actual amount for the year ended 31 December 2025
Computer software development, information system operation and maintenance services and information system integration services	1,750.0	114.2 (HK\$124.5 million)
Information system consultancy services	1,400.0	0.4 (HK\$0.5 million)

(e) Digital RMB Marketing Service Framework Agreements

(i) First Digital RMB Marketing Service Framework Agreement

BOCOM Financial Technology, a wholly-owned subsidiary of the Company, entered into a digital RMB marketing service project cooperation framework agreement (the "First Digital RMB Marketing Service Framework Agreement") on 6 March 2024 with BOCOM to govern the provision of services, including fund channels provision, marketing fund advance (in the form of digital red envelopes, discounts and rebates) and settlement, visual and interaction design, platform technology development, testing, operation and maintenance, event configuration and rights issuance, campaign promotion, marketing and operation, and/or customer service, by BOCOM Financial Technology to BOCOM and/or its branches with effect from 6 March 2024 and continued up to and including 3 March 2025.

The First Digital RMB Marketing Service Framework Agreement provides that the service fee will be determined based on the following formula: actual amount of marketing fund being advanced x (1 + service fee rate (tax inclusive)). The actual service fee rate to be charged by BOCOM Financial Technology for each specific order will be determined at arm's length and on a fair and reasonable basis with reference to a number of factors, including but not limited to (i) the capital costs incurred by BOCOM Financial Technology for advancing marketing funds with respect to the particular campaign; (ii) the service scope, nature and complexity of the particular campaign; (iii) the expected labour costs of the particular campaign (determined based on the number of employees expected to be needed to perform the services, the number of hours required from such employees to perform the services and the past hourly wages of the relevant employees); and (iv) the service fee rates for similar services charged by other independent service providers winning open tenders for similar services (such information will be obtained from the public domain).

The annual cap in respect of the transactions contemplated under the First Digital RMB Marketing Service Framework Agreement for the period from 1 January 2025 to 3 March 2025 and the respective actual amounts received in 2025 are as follows:

	Annual cap for the period from 1 January 2025 to 3 March 2025 (RMB million)	Actual amount for the period from 1 January 2025 to 3 March 2025 (HK\$2.2 million)
Service fee charged and marketing funds advanced by BOCOM Financial Technology	5.8	2.0

(ii) Second Digital RMB Marketing Service Framework Agreement

BOCOM Financial Technology entered into a digital RMB marketing service project cooperation framework agreement (the "Second Digital RMB Marketing Service Framework Agreement") on 4 March 2025 with BOCOM to govern the provision of services, including fund channels provision, marketing fund advance (in the form of digital red envelopes, discounts and rebates) and settlement, marketing activity plan design, platform technology development, testing, operation and maintenance, event configuration and rights issuance, campaign promotion, marketing and operation, and/or customer service, by BOCOM Financial Technology to BOCOM and/or its branches with effect from 4 March 2025 and continued up to and including 3 March 2026.

The Second Digital RMB Marketing Service Framework Agreement provides that the service fee will be determined based on the following formula: actual amount of marketing fund being advanced x (1 + service fee rate (tax inclusive)). The actual service fee rate to be charged by BOCOM Financial Technology for each specific order will be determined at arm's length and on a fair and reasonable basis with reference to a number of factors, including but not limited to (i) the capital costs incurred by BOCOM Financial Technology for advancing marketing funds with respect to the particular campaign; (ii) the service scope, nature and complexity of the particular campaign; (iii) the expected labour costs of the particular campaign (determined based on the number of employees expected to be needed to perform the services, the number of hours required from such employees to perform the services and the past hourly wages of the relevant employees); and (iv) the service fee rates for similar services charged by other independent service providers (such information will be obtained from the public domain).

Report of the Directors

The annual cap in respect of the transactions contemplated under the Second Digital RMB Marketing Service Framework Agreement for the period from 4 March 2025 to 31 December 2025 and the respective actual amounts received in 2025 are as follows:

	Annual cap for the period from 4 March 2025 to 31 December 2025 (RMB million)	Actual amount for the period from 4 March 2025 to 31 December 2025 (HK\$7.7 million)
Service fee charged and marketing funds advanced by BOCOM Financial Technology	14	7.1

On 1 January 2026, the Second Digital RMB Marketing Service Framework Agreement was replaced by the New Financial Technology Services Framework Agreement as disclosed in above paragraph headed “(d) Financial Technology Services Framework Agreement”.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that:

- (i) the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group;
- (ii) the above continuing connected transactions have been entered into on normal commercial terms or better; and
- (iii) the above continuing connected transactions have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of auditor

The auditor of the Company has reviewed the above continuing connected transactions and confirmed that:

- (i) nothing has come to its attention that causes it to believe that the continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to its attention that causes it to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to its attention that causes it to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to its attention that causes it to believe that such continuing connected transactions have exceeded the annual caps as set by the Company.

The related party transactions in respect of items denoted with "*" as disclosed in Note 36 to the consolidated financial statements constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules in relation to the connected transactions and continuing connected transactions conducted during the year ended 31 December 2025.

ENVIRONMENTAL AND SOCIAL MATTERS

In order to further promote the sustainable development work of the Group and to implement the concept of sustainable development throughout the Group's daily operations, the Company has formulated the Administrative Measures for the Environmental, Social and Governance (ESG) Task Force of BOCOM International, which aims to clarify the ESG Task Force structure, and specify the responsibilities of the Task Force members and reporting procedures for sustainable development work. Meanwhile, the Group actively promotes green office tips to achieve energy and resource savings and carried out environmental protection measures including saving paper, saving electricity, reasonable use of vehicles, support of green finance development and so on.

The Group believes that talent is the driving force for corporate development and is also an important intellectual asset. The human resources department of the Group has developed the Human Resources Management System of BOCOM International, which aims to regulate matters including recruitment and dismissal, promotion and training, compensation and benefits as well as working hours and holiday arrangements. During the year ended 31 December 2025 and up to the date of this annual report, the Group has not experienced any material labour disputes that have affected our operations.

The Group offers comprehensive and integrated financial services and products that fulfil the various investment and financing needs of clients to create value for clients continuously. The Group has also formulated the Regulations on the Purchase and Management of Fixed Asset of BOCOM International, which establish fair and transparent codes for suppliers' selection and management to minimise environmental and social risks in the supply chains. During the year ended 31 December 2025 and up to the date of this annual report, the Group has no material disputes between the clients and/or suppliers.

Details of the Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules for the Year are set out in the "Corporate Social Responsibility Report" section of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The major laws and regulations that have a significant impact on the Group's business include the Companies Ordinance, the SFO, the Listing Rules and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong). During the year ended 31 December 2025 and up to the date of this annual report, the Group has implemented policies and procedures to ensure compliance with the relevant laws and regulations.

During the year ended 31 December 2025 and up to the date of this annual report, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the businesses and operations of the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance. Information on the corporate governance principles and practices adopted by the Company is set out in the "Corporate Governance Report" section of this annual report.

EVENT AFTER THE YEAR UNDER REVIEW

There was no significant event after the reporting period and up to the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of auditor of the Company will be proposed at the upcoming annual general meeting.

By order of the Board

XIAO Ting

Chairman and Non-executive Director

Hong Kong, 25 March 2026

Corporate Governance Report

The Company is committed to generating long-term value for Shareholders by maintaining good corporate governance and promoting transparency and accountability. The Company has adopted corporate governance guidelines and established risk management and internal control processes to achieve effective corporate governance and to monitor, evaluate and manage the principal risks assumed by the Group in its ordinary course of business.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code of the Listing Rules as its own code of corporate governance. During the year ended 31 December 2025, the Company has complied with all the code provisions set out in part 2 of the Corporate Governance Code.

CORPORATE CULTURE

Leveraging its unique advantages of the background as a securities firm within a banking group, BOCOM International is dedicated to providing professional, efficient, integrated, and one-stop comprehensive financial services for domestic and international customers, working together with customers to build long-term development. As a professional financial institution, BOCOM International strengthens the foundation of financial culture with Chinese characteristics and adheres to a risk appetite of being “being stable, prudent and compliant.” It integrates compliance management and risk control throughout its entire operations. It continuously focuses on its principal business and primary responsibilities, enriches its service offerings, and accelerates efforts to enhance operational quality and efficiency. As a listed company, BOCOM International actively fulfils its social responsibilities, and practices its mission and responsibility as a Sino-funded financial institution through concrete actions. It insists on the deep integration of corporate culture and development strategy, and actively shapes a responsible and trustworthy corporate image.

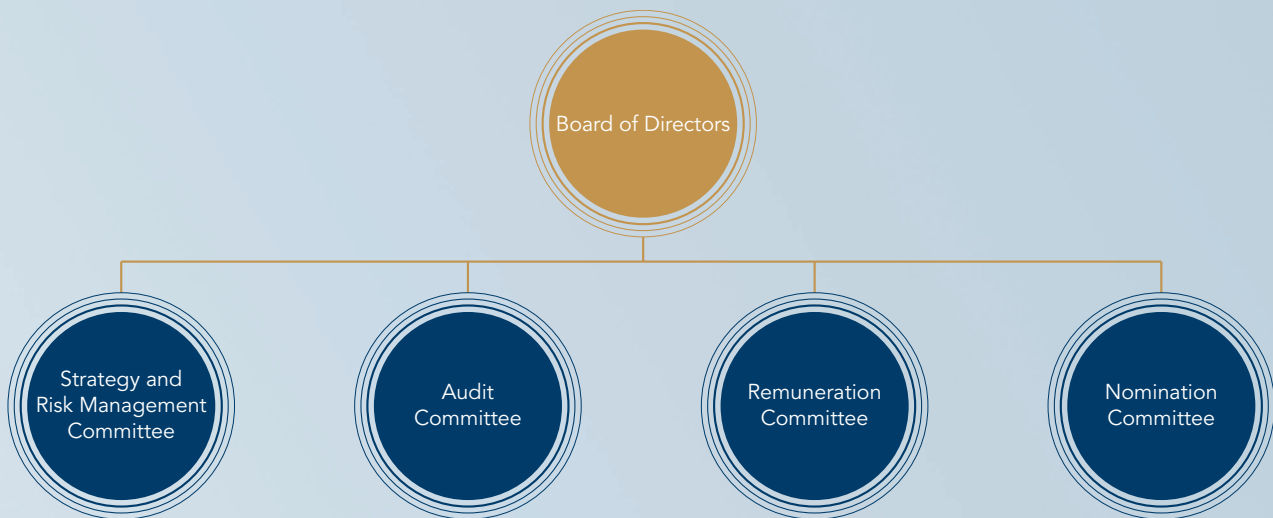
The Board and senior management of the Group always place great emphasis on corporate culture development, insist on setting an example, and continuously promote the dissemination of corporate culture throughout the Group. The Group strengthens advocacy and practice through multiple channels and forms, including improving employee training systems and optimising performance appraisal mechanisms. It continuously promotes all employees’ understanding and recognition of the corporate culture and core values, further consolidating the consensus on development and gathering strength to move forward.

CORPORATE GOVERNANCE FRAMEWORK

THE BOARD

Roles and Responsibilities of the Board and the Senior Management

The Board oversees the overall business and affairs of the Group. It sets the overall strategy and long-term objectives of the Group. The Board is also responsible for establishing risk management and internal control policies, assessing the effectiveness of the internal control systems of the Group and reviewing the Group's operational and financial performance. The Board acts objectively to ensure decisions are made in the best interests of the Company. For operational efficiency, the Board has established the Strategy and Risk Management Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee to, among other things, support the Board in studying and formulating the Company's development plans and reviewing the effectiveness of the Group's risk management and internal control systems. Each committee has specific terms of reference setting out its authority and duties. The following diagram sets out the Company's corporate governance framework:



The daily management and administrative functions of the Group are delegated to the senior management. The matters delegated to senior management include the implementation of the corporate governance policies and the operations of the Group's business in accordance with the operating strategies as approved by the Board. The delegated functions and work tasks are reviewed regularly by the Board and clear guidance on the senior management's authority is provided. The senior management is required to report and seek approval from the Board on material decisions. The Board reviews the performance of management and ensures that management has sufficient resources to meet their objectives.

Corporate Governance Report

The Board is responsible for the corporate governance of the Company. The Board has formulated corporate governance policies and will review them regularly with regard to the circumstances of the Group and pursuant to the Corporate Governance Code as amended from time to time. The Board's main corporate governance duties include:

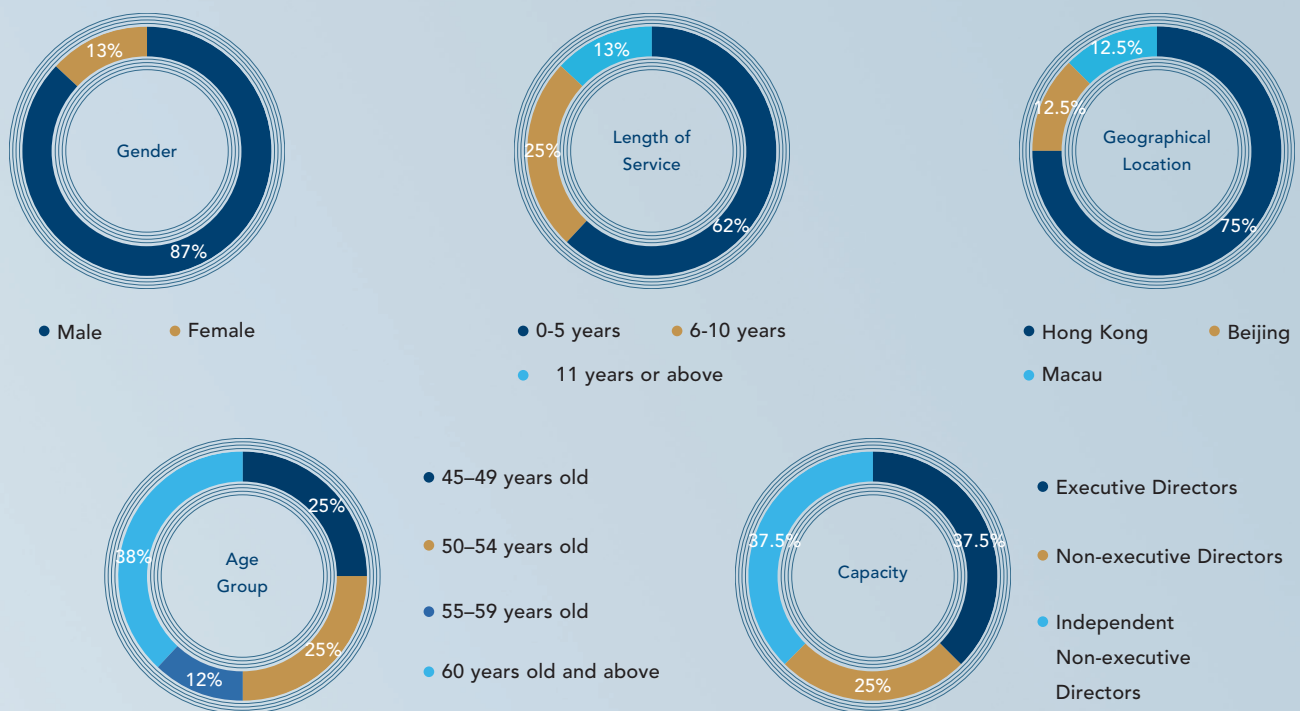
- (a) to develop and review policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance where applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

Chairman and Chief Executive

Mr. XIAO Ting, appointed on 20 January 2025 as a Non-executive Director of the Company and succeeding Mr. TAN Yueheng as the Chairman of the Company, provided leadership for the Board and ensured that the Board worked effectively and performed its responsibilities. During the Year, Mr. XIE Jie, the Chief Executive Officer and an Executive Director of the Company, is responsible for the day-to-day management of our business.

Board Composition

As at 31 December 2025, the Board consists of 8 Directors, comprising 2 Non-executive Directors, Mr. XIAO Ting and Ms. ZHU Chen; 3 Executive Directors, Mr. XIE Jie, Mr. WANG Xianjia (resigned on 6 March 2026) and Mr. TAN Yueheng (resigned on 1 January 2026); and 3 Independent Non-executive Directors, Mr. MA Ning, Mr. LIN Zhijun and Mr. PU Yonghao. The Board has maintained an appropriate mix of expertise and experience in industry knowledge, business management, regulatory compliance and risk management to enable it to carry out its duties effectively. An analysis of the Board's composition as at 31 December 2025 is set out below:



During the Year, the Company had 3 Independent Non-executive Directors representing over one-third of the Board with 1 Independent Non-executive Director possessing appropriate professional accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules.

Before their appointment as Directors became effective, each of Mr. XIAO Ting and Mr. PU Yonghao has obtained the legal advice referred to under Rule 3.09D of the Listing Rules from the Company's legal adviser as to Hong Kong laws on 10 January 2025 and 22 April 2025 respectively, and has confirmed that he understood his obligations as a Director.

Corporate Governance Report

As at the date of this report, to the best knowledge of the Board, there is no financial, business or family relationship among members of the Board or the Chief Executive.

The Company has received from each of the Independent Non-executive Directors a confirmation of independence and considers all of them to be independent and meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Re-election of Directors

Each Director has entered into a letter of appointment with the Company and will continue thereafter until terminated by either party giving to other not less than 3 months' notice in writing. In accordance with the Articles of Association, one-third of the Directors for the time being or, if the number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation. The Directors to retire every year will be those who have been in office the longest since their last re-election or appointment and will be eligible for re-election at the annual general meeting of the Company.

All Directors to be appointed or re-elected will be assessed and recommended by the Nomination Committee to the Board.

Board Diversity and Selection of Directors

The board diversity policy of the Company sets out objectives for the Company to ensure that its Board has the appropriate balance of skills, experience, diversity of perspectives that are required to support the execution of its business strategies and maintain the effectiveness of the Board's decision making. After the review of the board diversity policy of the Company and the review of the current Board members and structure, in order to achieve a balanced board as a whole, appointments and re-elections to the Board will be made on merit and factors including but not limited to gender, age, cultural and educational background, ethnicity, geographical location, professional experience, skills, knowledge, independence, length of service and benefits and contributions to the Board. Therefore, during the Year, the Company, in terms of gender diversity, sets the target of appointing at least 1 female Director in order to achieve a female representation on the Board. The Board currently has 1 female Director and has achieved the gender diversity target. Furthermore, the Group is committed to upholding and embracing employees with different backgrounds, culture and gender where approximately 49% of our staff (including the senior leadership roles) were female. For details on the diversity in workforce, please refer to the "Corporate Social Responsibility Report" of this annual report.

The Nomination Committee will take into account the related requirements of the board diversity policy of the Company, in the nomination and selection of Directors. In accordance with the nomination policy of the Company, candidates will be considered from a wide range of backgrounds and on merit based on objective criteria, and potential candidates for directorships will be sought through appropriate means including advertisements or external consultants, where necessary. In reviewing and recommending to the Board of any new Director appointment, the Nomination Committee will consider the following non-exhaustive factors:

- the structure, size and composition (including the skills, knowledge and experience, etc.) required for the Board;
- succession plans for the Directors and other senior executives, taking into account the challenges and opportunities faced by the Company, and the skills and experience that are therefore needed for the Board in the future;
- the leadership needs of the Group, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- the candidate's merit and time and commitment to the position;
- the independence of independent non-executive Directors (where applicable); and
- independent views and inputs available to the Board.

The Nomination Committee will review the board diversity policy at least annually and monitor the implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Directors' Professional Training and Development

Directors participate in appropriate continuous professional trainings to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company provides the latest information and reading materials to Directors relating to the Listing Rules, SFO, Anti-Money Laundering and Counter-Terrorist Financing Ordinance and relevant statutory and regulatory guidelines on the obligations and duties of a director of a listed company on a timely basis. The Company also invites professional advisers to conduct on-site intensive trainings for Directors and senior management to refresh and strengthen their knowledge of corporate governance practices and provides them with updates on the latest developments of relevant policies, rules and regulations. According to the records provided by the Directors and maintained by the Company, the training received by the Directors during the year ended 31 December 2025 is summarised as follows:

Directors	Types of training	
	Reading materials/articles/watching videos ^{Note (1)}	Attending in-house briefings/seminars/workshops/forums/conferences/giving talks ^{Note (2)}
Non-executive Directors		
Mr. XIAO Ting ^{Note (3)}	✓	✓
Mr. SHAN Zengjian ^{Note (4)}	✓	✓
Ms. ZHU Chen	✓	✓
Mr. WANG Yongqing ^{Note (5)}	✓	✓
Executive Directors		
Mr. XIE Jie	✓	✓
Mr. WANG Xianjia ^{Note (6)}	✓	✓
Mr. TAN Yueheng ^{Note (7)}	✓	✓
Independent Non-executive Directors		
Mr. MA Ning	✓	✓
Mr. LIN Zhijun	✓	✓
Mr. PU Yonghao ^{Note (8)}	✓	✓
Mr. TSE Yung Hoi ^{Note (9)}	✓	✓

Notes:

- (1) Materials/articles, newspapers, journals and videos on updates on relevant statutory and regulatory requirements and environmental, social and governance reporting.
- (2) In-house briefings/seminars/workshops/forums/conferences/giving talks related to topics including developments on the financial and economic environment, business and market changes, directors' power and duties under the regulatory requirements, and their responsibilities and continuing obligations, updates on rules and regulatory requirements, anti-bribery and anti-corruption regulatory requirements and trends in Hong Kong.
- (3) Appointed on 20 January 2025.
- (4) Resigned on 31 March 2025.
- (5) Resigned on 20 January 2025.
- (6) Resigned on 6 March 2026.
- (7) Resigned on 1 January 2026.
- (8) Appointed on 24 April 2025.
- (9) Resigned on 24 April 2025.

Board Meetings and Board Committees Meetings

The Board is scheduled to meet at least four times a year to discuss the Group's business development, operations and financial performance. At least 14 days' advance notice is given for all regular Board meetings to give all Directors an opportunity to attend and to include matters for discussion in the agenda. The Articles of Association provides for the Board meetings and Board committee meetings to be held by way of electronic means of communication. All Directors are provided with the meeting agenda and board papers at least 3 days before the meetings. The Directors have access to the management for enquiries and to obtain further information, and when required, may seek independent professional advice at the Company's expense. Minutes of meetings are kept by the Company Secretary. The management provides all Directors with monthly updates to ensure that they are kept informed of the Group's performance, position and prospects and assist them in discharging their duties.

Corporate Governance Report

The attendance records of Directors at Board and Board committee meetings for the year ended 31 December 2025 are set out as follows:

Name of Directors	No. of Meetings Attended/Held During Each Director's Tenure				
	Board	Strategy and Risk Management Committee	Audit Committee	Remuneration Committee	Nomination Committee
Non-executive Directors					
Mr. XIAO Ting ^{Note (2)}	8/9	5/5	–	–	–
Mr. SHAN Zengjian ^{Note (3)}	3/3	0/1	1/1	2/2	–
Ms. ZHU Chen	10/10	5/5	–	2/2	3/3
Mr. WANG Yongqing ^{Note (4)}	1/1	–	–	–	1/1
Executive Directors					
Mr. XIE Jie	10/10	5/5	–	–	–
Mr. WANG Xianjia ^{Note (5)}	10/10	5/5	–	–	–
Mr. TAN Yueheng ^{Note (6)}	9/10	3/5	–	–	–
Independent Non-executive Directors					
Mr. MA Ning	10/10	–	2/2	2/2	3/3
Mr. LIN Zhijun	10/10	–	2/2	2/2	3/3
Mr. PU Yonghao ^{Note (7)}	6/6	–	1/1	–	1/1
Mr. TSE Yung Hoi ^{Note (8)}	4/4	–	1/1	2/2	2/2

Notes:

- (1) Decisions at Board meetings and committee meetings are made by vote. Directors with material interests in matters were not involved in discussions and abstained from voting on the relevant resolutions.
- (2) Appointed as a Non-executive Director, the Chairman of the Company and the chairman of Strategy and Risk Management Committee with effect from 20 January 2025.
- (3) Resigned as a Non-executive Director and ceased to be a member of the Strategy and Risk Management Committee, the Audit Committee and the Remuneration Committee with effect from 31 March 2025.
- (4) Resigned as a Non-executive Director and ceased to be a member of the Strategy and Risk Management Committee, the Audit Committee and the Nomination Committee with effect from 20 January 2025.
- (5) Resigned as an Executive Director, deputy chief executive officer and chief risk officer and ceased to be a member of the Strategy and Risk Management Committee with effect from 6 March 2026.
- (6) Ceased to be the Chairman of the Company and the chairman of Strategy and Risk Management Committee with effect from 20 January 2025 and resigned as an Executive Director and ceased to be a member of the Strategy and Risk Management Committee with effect from 1 January 2026.
- (7) Appointed as an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 24 April 2025.
- (8) Resigned as an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee with effect from 24 April 2025.

Corporate Governance Report

During the Year, the Chairman met once with the Independent Non-executive Directors without the presence of the other Directors to exchange views and recommendations on the business management and strategic development of the Group.

Mechanisms Established for the Board to Receive Independent Views and Inputs

There are established mechanisms that independent views and inputs are available to the Board. Each Director may express independent views and inputs on decision-making matters. If necessary, Directors are entitled to have independent access to the senior management of the Company and obtain further information to perform their duties, and also have the right to seek advice from independent professional advisors at the Company's expense. The Board shall comprise at least three Independent Non-executive Directors, representing no less than one-third of the Board member. A reasonably balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) shall be kept to ensure there is a strong independent element on the Board. When appointing Directors, the Nomination Committee may seek potential candidates through appropriate means including advertisements or external consultants, where necessary. In assessing suitability of candidates, the Nomination Committee will review their qualification, skills, knowledge, views and independence (only applicable to the appointment of Independent Non-executive Directors) having regard to the nomination policy and the board diversity policy of the Company. The Nomination Committee also assesses the time commitment devoted by and independence of Independent Non-executive Directors annually. The Directors are required to comply with requirements of relevant laws and regulations as well as the Articles of Association regarding the declaration of interest conflicts and abstention from voting. During the Year, the Board reviewed and considered the above mechanisms and the implementation of them were effective.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they had complied with the Model Code during the year ended 31 December 2025 in response to specific enquiry made by the Company.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover in respect of legal actions taken against its Directors and Officers. The insurance coverage will be reviewed on an annual basis to ensure that the Directors and Officers are adequately protected against potential legal liabilities.

BOARD COMMITTEES

Strategy and Risk Management Committee

The primary duties of the Strategy and Risk Management Committee are to support the Board in studying and formulating the Company's development plans and reviewing the effectiveness of the Group's risk management and internal control systems. As at the end of the Year, the Strategy and Risk Management Committee comprised 5 members, namely, Mr. XIAO Ting (Chairman) and Ms. ZHU Chen, both of whom are Non-executive Directors and Mr. XIE Jie, Mr. WANG Xianjia and Mr. TAN Yueheng, all of whom are Executive Directors. Mr. XIAO Ting was appointed as the chairman of the Strategy and Risk Management Committee to succeed Mr. TAN Yueheng with effect from 20 January 2025. Mr. SHAN Zengjian and Mr. WANG Yongqing ceased to be members of the Strategy and Risk Management Committee with effect from 31 March 2025 and 20 January 2025 respectively.

For the year ended 31 December 2025, the Strategy and Risk Management Committee held 5 meetings. The main duties and major works performed by the Strategy and Risk Management Committee included the review and approval of the recommendations to the Board on:

- the reports on the Group's risk management functions, and risk appetite execution;
- the reports on the Group's business and operation management and work arrangement;
- the reports on the implementation of Group's assets allocation plan and the asset allocation plan;
- the reports on the implementation of the Group's budgeting and the budgeting plan;
- the reports of the Group's compliance work;
- the reports of the Group's reputational risk management work;
- the policies and systems relating to the corporate governance, the effectiveness of the risk management and internal control systems of the Group;
- the reports of the implementation of the authorisation by the Group's Chief Executive Officer; and
- the Group's business development directions and strategic plan.

Mr. TAN Yueheng and Mr. WANG Xianjia, the Executive Directors, ceased to be members of the Strategy and Risk Management Committee with effect from 1 January 2026 and 6 March 2026, respectively.

Audit Committee

The primary duties of the Audit Committee are to oversee the financial reporting system and internal audit functions of the Group, review the financial information of the Group and consider issues relating to the external auditor and its appointment. As at the end of the Year, the Audit Committee comprised 3 members, namely, Mr. LIN Zhijun (Chairman), Mr. MA Ning and Mr. PU Yonghao, all of whom are Independent Non-executive Directors. Mr. PU Yonghao was appointed as a member of the Audit Committee with effect from 24 April 2025. Mr. TSE Yung Hoi, Mr. SHAN Zengjian and Mr. WANG Yongqing ceased to be members of the Audit Committee with effect from 24 April 2025, 31 March 2025 and 20 January 2025 respectively.

Corporate Governance Report

For the year ended 31 December 2025, the Audit Committee held 2 meetings. The main duties and major works performed by the Audit Committee during the Year included the review and approval of the recommendations to the Board on:

- the annual results of the Group for the year ended 31 December 2024, the 2024 annual results announcement and the 2024 annual report;
- the interim results of the Group for the six months ended 30 June 2025, the 2025 interim results announcement and the 2025 interim report;
- the effectiveness of the Group's financial reporting system and internal audit function;
- the reports of the Group's internal audit work and internal audit plan; and
- re-appointment of auditor.

Remuneration Committee

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policies and structure for the remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policies, assessing the performance of Executive Directors, make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. As at the end of the Year, the Remuneration Committee comprised 4 members, namely, Mr. PU Yonghao (Chairman), Mr. MA Ning and Mr. LIN Zhijun, all of whom are Independent Non-executive Directors, and Ms. ZHU Chen, a Non-executive Director. Mr. PU Yonghao was appointed as the chairman of the Remuneration Committee with effect from 24 April 2025. Mr. TSE Yung Hoi and Mr. SHAN Zengjian ceased to be the chairman and member of the Remuneration Committee with effect from 24 April 2025 and 31 March 2025 respectively.

For the year ended 31 December 2025, the Remuneration Committee held 2 meetings. The main duties and major works performed by the Remuneration Committee during the Year included the review and approval of the recommendations to the Board on:

- the overall remuneration packages of the Company;
- the remuneration of the appointed Non-executive Director and the appointed Independent Non-executive Director; and
- the adjustment to the remuneration of an Executive Director.

Nomination Committee

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, assess each Director's time commitment, contribution to the Board and ability to discharge his/her responsibilities effectively, assess the independence of the Independent Non-executive Directors, make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors and review the implementation and effectiveness of board diversity policy of the Company. The nomination of Directors shall be made in accordance with the criteria set out in the nomination policy, with due regard for the benefits of board diversity, as set out under the board diversity policy of the Company. For details please refer to the "Board Diversity and Selection of Directors" section of this report.

As at the end of the Year, the Nomination Committee comprised 4 members, namely, Mr. MA Ning (Chairman), Mr. LIN Zhijun and Mr. PU Yonghao, all of whom are Independent Non-executive Directors, and Ms. ZHU Chen, a Non-executive Director. Mr. PU Yonghao was appointed as a member of the Nomination Committee with effect from 24 April 2025. Mr. TSE Yung Hoi and Mr. WANG Yongqing ceased to be members of the Nomination Committee with effect from 24 April 2025 and 20 January 2025 respectively.

For the year ended 31 December 2025, the Nomination Committee held 3 meetings. The main duties and major works performed by the Nomination Committee during the Year included the review, approval of and recommendations to the Board on:

- the structure, size and composition, operating and performance, and diversity of the Board, independence assessment of the Independent Non-executive Directors;
- retirement and re-election of the Directors;
- adjustments on the composition of Board Committees; and
- appointment of the Non-executive Director and Independent Non-executive Director.

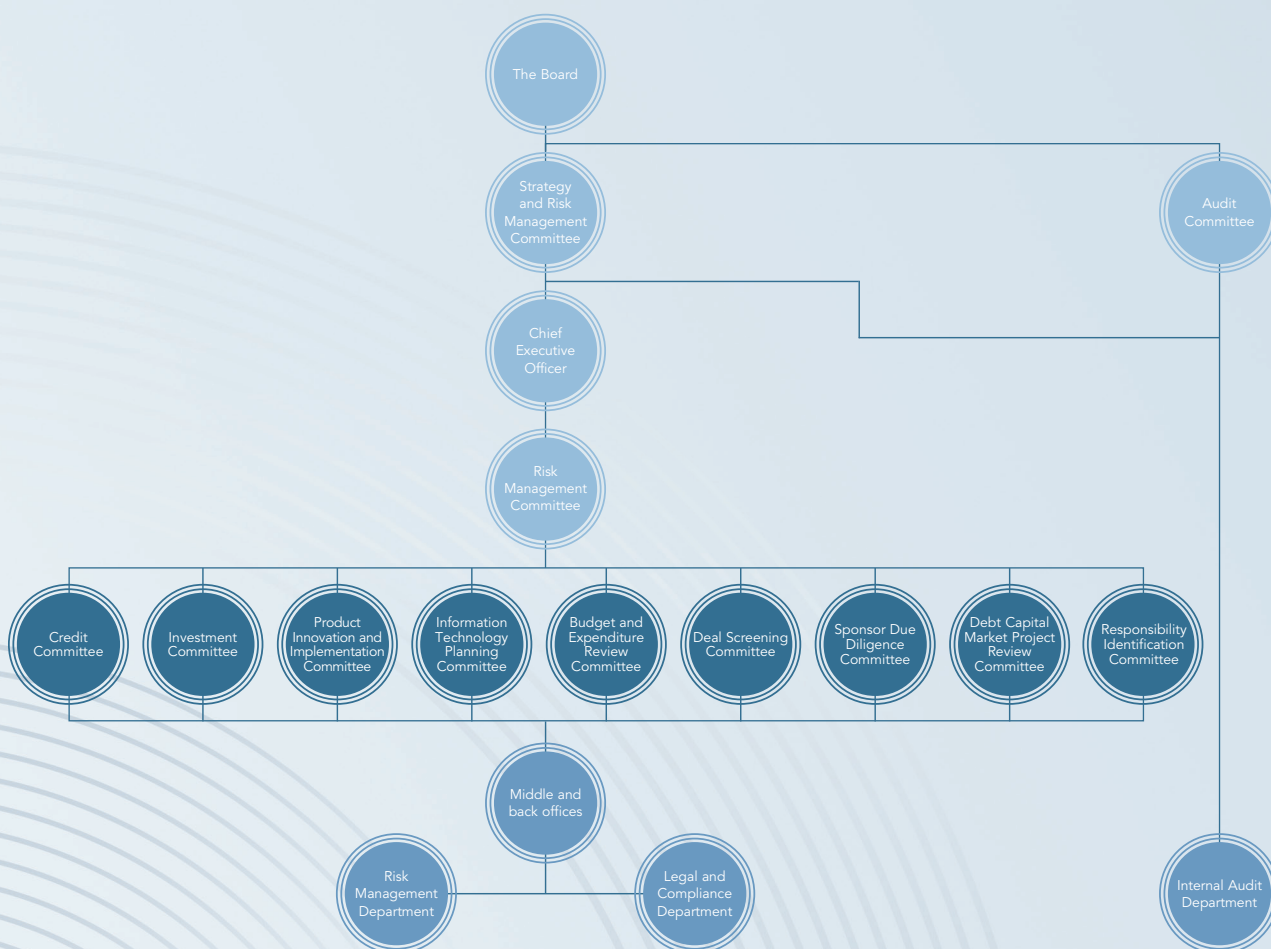
COMPANY SECRETARY

Ms. YI Li resigned as the company secretary of the Company and was succeeded by Ms. ZENG Jiali with effect from 27 September 2025. Ms. ZENG has taken no less than 15 hours of the relevant professional training during the Year as required under Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is committed to upholding good corporate governance and has established comprehensive risk management and internal control processes to monitor, evaluate and manage the principal risks assumed in the ordinary course of the Group's business. The Group strives to reduce the uncertainties related to its business strategies, seeks to achieve a balance between business development and risk management efficiency, and proactively builds its risk management culture into every level of the Group.

The Group has established a three-tier risk management structure consisting of (i) the Board (including the Board Committees); (ii) a risk management committee and special committees and (iii) the relevant middle and back offices in charge of the execution of risk management processes. The following chart illustrates our risk management framework:



The Board, with the support from the Strategy and Risk Management Committee, is responsible for establishing the Group's overall risk management framework, overseeing the Group's risk management processes, reviewing and approving the Group's risk management and internal control policies and strategies, and assessing the effectiveness of the Group's risk management and internal control systems. During the daily operation management, the Risk Management Committee led by the management is the decision-making body of risk management. Its primary responsibilities include: (i) reviewing the risk management objectives of the Group according to the risk management strategies determined by the Board and senior management, and formulating overall policies, tactics and management procedures regarding overall risk management; (ii) determining risk mitigation plans for major risk management events, and monitoring the implementation of the risk management systems, rules and procedures at each line of responsibility within the Group; (iii) assessing periodically the Group's overall risk management performance, risk tolerance level and the effectiveness of the internal control policies of the Group; and (iv) supervising the special committees under its auspices in their respective risk management work.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has implemented various risk management and internal control measures to manage the risks (including environmental, social and governance risks) associated with the business activities of the Group. Details relating to the principal risks faced by the Group are set out in "Management Discussion and Analysis" in this annual report. During the Year, the internal audit department of the Group was responsible for auditing and examining the implementation of the risk management and internal control procedures and reporting to the Strategy and Risk Management Committee after being assessed by the Legal and Compliance Department to assist the Committee in assessing the effectiveness of the Group's risk management and internal control systems. The Audit Committee shall supervise and assess the work of the internal audit function. The above matters shall be ultimately reported to the Board. At least once a year the Audit Committee shall meet with the external auditor and internal audit department separately without the Executive Directors or management being present.

The Company has established a whistleblowing policy and system for employees and related third parties to report any misconduct, malpractice or irregularity within the Group, in confidence and anonymity, with the Audit Committee. Also, the Group has established policies and systems to promote and support the anti-corruption laws and regulations. For details, please refer to the "Corporate Social Responsibility Report" of this annual report.

The Board and the Strategy and Risk Management Committee with the assistance of the senior management, have conducted a review of the effectiveness of the Group's risk management and internal control systems for the Year, covering all material controls including financial, operational and compliance controls. The Board acknowledges that it is responsible for the risk management and internal control systems of the Group and considers that such systems are effective and adequate.

CONSTITUTIONAL DOCUMENTS

The amended Articles of Association were adopted on 25 April 2017 and have taken effect on the Listing Date. There were no amendments to the Articles of Association during the Year.

SHAREHOLDERS' RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy to ensure Shareholders, investment community, including potential investors and analysts, are provided with timely and equal access to the information related to the Company, including but not limited to its financial performance, strategic goals and plans, material development, governance and risks, to allow Shareholders to exercise their rights in an informed manner, as well as enable Shareholders, the investors and stakeholders to actively communicate with the Company. During 2025, to promote better engagement with and maximise participation by the Shareholders, the Company held an annual general meeting and extraordinary general meetings through hybrid meeting where Shareholders were able to attend, raise questions and vote electronically through the online platform. Interim and annual results and reports as well as other corporate communications were published within the time frame and in accordance with the Listing Rules. The Company also made use of various communication channels, including company website, press releases, media interviews and Wechat Official Account, etc. to keep Shareholders, investors and other stakeholders of the latest developments of the Group. The Company would communicate with investors via its investor mailbox (ir@bocomgroup.com) in timely manner and hold investor conferences/roadshows and analyst conferences from time to time as appropriate. During the Year, the Board reviewed the shareholders engagement and communication activities and was satisfied with the implementation and effectiveness of the above shareholders' communication policy.

General Meetings

The Company recognises the importance of timely disclosure of information, which will enable Shareholders and investors to make informed investment decisions. The annual general meetings provide an opportunity for the Shareholders to communicate directly with the Directors. The Company encourages the Shareholders to attend the annual general meetings of the Company. The Directors and Chairman of each of the Strategy and Risk Management Committee, Audit Committee, Remuneration Committee, Nomination Committee (or a delegated member of the Committee), as well as the Chairman of the independent board committee (if applicable) and members of senior management will normally attend the annual general meetings of the Company to answer queries about the Group's business. All the Directors, including Mr. XIAO Ting, Ms. ZHU Chen, Mr. XIE Jie, Mr. WANG Xianjia, Mr. TAN Yueheng, Mr. MA Ning, Mr. LIN Zhijun and Mr. PU Yonghao, attended the annual general meeting of the Company held on 26 June 2025, the extraordinary general meeting of the Company held on 5 November 2025 and the extraordinary general meeting of the Company held on 17 December 2025 in person or by electronic means. Representative from KPMG, the auditor, and Altus Capital Limited, the independent financial adviser in connection with the revision of annual caps for existing continuing connected transactions and the renewal of the existing continuing connected transactions, were also present at the annual general meeting and the extraordinary general meetings respectively, together with the Directors, to respond to enquiries raised by the Shareholders, if any.

The circulars for the annual general meetings and extraordinary general meetings will be published at least 21 days and 14 days respectively before the meeting on the Company's website (www.bocomgroup.com) and the Stock Exchange's website (www.hkexnews.hk). All voting of the resolutions at the general meetings will be taken by poll pursuant to the Listing Rules and the poll results will be published on the above websites. Corporate communications with Shareholders will be posted on the Stock Exchange's website and the Company's website for Shareholders' information. Shareholders may make written request to the Company's share registrar to receive corporate communications in printed form for a valid period, if they so wish.

Dividend Policy

The Board has adopted a dividend policy. The Company aims to provide stable and sustainable returns to Shareholders. The Board will consider the results of operations, profits, financial position, cash requirements and available cash, capital expenditure and future development needs of the Group in recommending a dividend payment and deciding the amount thereof, or adopting scrip dividend schemes and other appropriate alternatives to provide returns to Shareholders.

The Company does not guarantee the payment of any specific amount of dividend during the specified period. The dividend payment will be subject to the Articles of Association and statutory and regulatory restrictions upon the payment of dividends. The Board reviews the dividend policy from time to time.

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to the Companies Ordinance, one or more Shareholders representing at least 5% of the total voting rights of all members having the right to vote at general meetings of the Company may request that the Directors call a general meeting. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The requisition must be authenticated by the person(s) making it and should be sent to the Company in hard copy form (by depositing it at the registered office of the Company for the attention of the Board) or in electronic form (by email to ir@bocomgroup.com).

Procedures for Shareholders to Put Forward Proposals at General Meetings

According to the Companies Ordinance, one or more Shareholders representing at least 2.5% of the total voting rights of all members having a right to vote, or, at least 50 Shareholders who have a right to vote, may by written request require the Company to circulate resolutions which may properly be moved and are intended to be moved at an annual general meeting; and to circulate statements regarding resolutions proposed at general meetings. The requisition must be authenticated by the person(s) making it and should be sent to the Company in hard copy form (by depositing it at the registered office of the Company for the attention of the Board) or in electronic form (by email to ir@bocomgroup.com).

Corporate Governance Report

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Board through the Company Secretary at the address of 10/F., Man Yee Building, 68 Des Voeux Road Central, Hong Kong. The Company Secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to address the Shareholders' enquiries and concerns.

Shareholders should direct their questions in relation to their shareholdings to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

HANDLING OF INSIDE INFORMATION

The Company has adopted an inside information disclosure policy in accordance with the SFO and the Listing Rules to ensure confidentiality when handling inside information and the publication of relevant disclosures to the public as soon as reasonably practicable. Under this policy, the Company disseminates information to specified persons on a need-to-know basis, and requires all employees who have access to the inside information to maintain strict confidentiality of the inside information until it is announced. The policy also sets out the scope of inside information and the procedures and precautionary measures for reporting or leakage of inside information of the Group.

EXTERNAL AUDITOR

For the year ended 31 December 2025, the total fees paid/payable in respect of current year audit and non-audit services provided to the Group by the Group's external auditors, KPMG, as well as audit services related to prior years, are set out below:

	HK\$'000
Audit fee for the Group	5,067
Taxation and other advisory services	–

DIRECTORS' RESPONSIBILITY IN RELATION TO FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare the financial statements of the Group for the Year on a going concern basis, showing a true and fair view of the state of affairs of the Company and the Group, and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects. A statement by the external auditor about its reporting responsibilities is set out in the Independent Auditor's Report.

Corporate Social Responsibility Report

ABOUT CORPORATE SOCIAL RESPONSIBILITY REPORT

This corporate social responsibility report (the “Report”) is the ninth corporate social responsibility report issued by the Group. It aims to set out the principles and performance of the Group in relation to sustainable development in fulfilling its corporate social responsibility in 2025 and respond to material issues of concern to key stakeholders. Please see the “Corporate Governance Report” chapter of this annual report or visit the official website of the Group (www.bocomgroup.com) for details of the Group’s corporate governance.

Scope of Report

Unless specified otherwise, the scope of disclosure¹ of the Report covers Hong Kong as the main place of business of the Group. The time range is from 1 January 2025 to 31 December 2025 (the “Reporting Period”).

Basis of Preparation

The Report has been prepared in accordance with the principles of materiality, quantitative, balance, and consistency as set out in the Environmental, Social and Governance Reporting Code (the “Code”) under Appendix C2 to the Listing Rules. The Report is in compliance with the “comply or explain” provisions set out in the Code, and describes the environmental and social impacts arising from the business and operating activities of the Group.

¹ Data about workforce and training hours in the Report include those from Chinese mainland and Hong Kong offices, which are consistent with the annual report.

Corporate Social Responsibility Report

Materiality

The Group identified material issues related to the Group through a materiality assessment procedure and made relevant disclosure in the Report. Such procedure included: identifying sustainable development issues related to the Group and key stakeholders, inviting all stakeholders and the Board to prioritise the sustainable development issues in order of importance, carry out analysis on material issues, etc. The Report has been prepared by focusing on the material issues verified by the Board. For details on the materiality assessment procedure, please refer to the chapter headed “Stakeholder Engagement” in the Report.

Quantitative

In order to comprehensively evaluate the Group’s performance in Environmental, Social, and Governance (ESG) aspects during the Reporting Period, the Group made disclosure regarding the applicable quantitative key performance indicators (KPIs) as set out in the Code, and explained the standards, methods, assumptions, and calculation tools adopted for such quantitative KPIs, including the source of key conversion factors.

Balance

The Report faithfully provides a picture of the Group’s performance during the Reporting Period and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.

Consistency

The Report has adopted, as far as practical, the same data statistical and collection methodologies as those applied for the previous reporting period to provide a meaningful comparison of the Group’s performance during the Reporting Period for all stakeholders. Changes to the methodologies will be presented and detailed in the corresponding chapters by the Group.

Opinion

We value your feedback on the Report. If you have any enquiries or valuable suggestions for the Report, please feel free to contact us by:

Email: ir@bocomgroup.com

Address: 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong

SUSTAINABLE DEVELOPMENT GOVERNANCE

Environmental, Social, and Governance System

The Group deeply incorporates the concept of sustainable development into its corporate governance framework, and has established the ESG-related governance structure led by the Board, in a bid to fulfil the commitment to sustainable development. The Board has overall responsibility for the Group's ESG strategy and information disclosure, and has authorised its subordinate ESG Task Force (the "Task Force") to assist in performing such duties. The Task Force consists of a member of senior management as the leader, the Board Office as the secretariat, and representatives of other relevant functional departments or organisations. By specifying the responsibilities of each member of the Task Force, as well as the reporting procedures for environmental, social and governance and climate change matters, etc., the Group aims to enhance the Board's engagement in ESG and climate change management and efforts in the implementation of policies. The Company also keeps a close eye on the latest regulatory requirements and trends in climate-related information disclosure and continuously facilitates the implementation of the sustainable development governance concept and the strategies by the Group. The Task Force regularly assesses the effectiveness of the Administrative Measures for the Environmental, Social and Governance (ESG) Task Force of BOCOM International (the "Administrative Measures for Task Force") and the Measures for the Administration of Climate Change-Related Issues of BOCOM International to assist the Board in fulfilling its responsibility of governance matters related to ESG and climate change.

In daily operations, the Task Force carries out its work in accordance with the Administrative Measures for Task Force and the Measures for the Administration of Climate Change-Related Issues of BOCOM International, including organising ESG-related training and convening meetings in a timely manner and engaging third-party consultants to assist in handling the Group's ESG-related affairs. The Task Force regularly reported on materiality assessment, the progress of ESG and climate-related targets, ESG risk management conditions, climate risk and opportunity management, climate change related policies, and the work of the Report to the Board during the Reporting Period. The Board also reviewed the related ESG matters.

The major duties of the Task Force are as follows:

- to assist in identifying, evaluating, and prioritising the Group's material ESG issues, report to the Board for identification of the material issues, and verify results;
- to assist the Board in analysing the potential risks and opportunities and related impacts from the material ESG (including climate change) issues on the Group's business strategy and establishing an appropriate and effective ESG and climate change risk management and internal control system;

Corporate Social Responsibility Report

- to assist the Board in setting the Group's ESG-related and climate-related objectives, and regularly review the progress towards achieving these objectives;
- to prepare and submit an annual corporate social responsibility report to the Board for approval and ensure that the report meets regulatory requirements; and
- to assist the Board in formulating and reviewing the existing ESG and climate change governance approaches and strategies as appropriate.

ESG Risk Management

The Group actively manages ESG risks within its sphere of influence and the Board undertakes the overall ultimate responsibility for the ESG risk management and internal control system of the Group. To ensure the effectiveness of the implementation of the system, the Task Force assists the Board in identifying, assessing, prioritising, and managing its key risks across the environment, society, technology and governance through a systematic process. The detailed process is as follows:



Based on the results of the ESG risk assessment, the Group has identified the following ESG risks² that are critical to its operations and business during the Reporting Period, and reviewed relevant control measures to ensure that these risks could be effectively controlled:

Aspects	Material ESG risks	Risk management and control measures
Technological	Cybersecurity	➤ The Company established in-house management policies, such as the Information Security Policy of BOCOM International and the Cybersecurity Risk Management Measures of BOCOM International, to deploy the data loss prevention (DLP) system and strengthen its internal cybersecurity management and related practices. ➤ The Information Technology Department continued to strengthen cybersecurity and disaster preparedness management, completed the isolation project, and implemented daily security scans, regular assessments and drills, as well as staff training and incident reminders to enhance overall defence capabilities and cyber risk awareness; in the event of infrastructure failure, prompt actions will be taken in accordance with the business continuity and disaster recovery plans.
Social	Standardisation of product marketing	➤ The Group formulated policies, including the Compliance Manual of BOCOM International, the Rules and Guidelines for Front-line Employees in Securities and Futures Business of BOCOM International, the Measures for Fund and Account Management of BOCOM International, and the Measures for the Administration of Investment Banking Business of BOCOM International, to regulate employees' behaviour and operations, with a view to reducing product marketing violations caused by improper operation. ➤ The Group formulated the Employee Violation Handling Measures of BOCOM International to regulate professional behaviour of employees and intensify internal management.

² ESG risks are presented in descending order based on their materiality.

Aspects	Material ESG risks	Risk management and control measures
	Client data privacy and security	➤ The Group formulated a number of in-house management policies, including the Compliance Manual of BOCOM International, the Information Security Policy of BOCOM International, the Data Security Management Measures for BOCOM International Information Systems, and Technical Specification for Security of BOCOM International Information Systems, to ensure that marketing and business processes shall comply with the Personal Data (Privacy) Ordinance and other necessary and prudent regulatory requirements as provided by the Legal and Compliance Department of BOCOM International. ➤ A series of measures were taken to prevent employees from illegally leaking client information and strengthen internal data security protection and management, which included introducing user data access control, providing related staff training and assessment, and enhancing awareness of client data confidentiality among staff.
	Client services	➤ The Compliance Manual of BOCOM International was established to standardise the procedures to handle clients' complaints, in order to ensure proper and timely handling of all comments from clients, respond positively to clients' demands, and standardise the procedure of record keeping and reporting. ➤ While dealing with clients' demands which do not meet the Group's policies, the Group made every effort to communicate with the clients concerned to reduce dissatisfaction.

Aspects	Material ESG risks	Risk management and control measures
Environmental	Natural disasters	➤ The Group established in-house policies, including the Measures for the Administration of Business Continuity of BOCOM International, the Human Resources Management System of BOCOM International, and the Measures for Emergency Management of BOCOM International, to deal with operational problems caused by natural disasters, including employee commuting and operations arrangements.
	Climate change	➤ The Group continuously updated the Measures for the Administration of Climate Change-Related Issues of BOCOM International, which sets out response measures for physical and transition climate change risks, including monitoring, risk management and contingency plans, in a bid to manage the impact of potential climate risks. ➤ The Group formulated the Measures for the Administration of Business Continuity of BOCOM International to address serious operation disruptions caused by natural disasters (including but not limited to fire, hurricane, tsunami, and other extreme weather conditions) and clearly defined the division of duties and responsibilities of the management, leading departments, executive departments, and support departments. Key businesses are required to be covered in daily business continuity management, and business continuity plans must be put in place. Each year, business continuity plans will be reviewed and drills will be performed accordingly.

Aspects	Material ESG risks	Risk management and control measures
		➤ The Group formulated the Measures for the Management of Climate-related Risks of BOCOM International to explain the investment risks caused by climate-related risk factors, to clarify relevant management requirements, and the corresponding risk management responsibilities of business units, and to integrate climate-related risk factors into the investment risk management framework, with a view to ensuring the compliance with the pertinent requirements of the Securities & Futures Commission of Hong Kong (SFC). ➤ Meanwhile, climate change risk indicators were set up, incorporated into the Group's overall risk appetite framework, brought under regular monitoring, and reported to the Risk Management Committee and the Board.
Social	Legal and Compliance	➤ The Group strictly complies with laws and regulations in Hong Kong, such as the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Corporate Finance Advisor Code of Conduct, the Fund Manager Code of Conduct and the Securities and Futures Ordinance. The Group has also formulated a number of in-house documents on anti-corruption, anti-bribery, and integrity enhancement to regulate the behaviours of related personnel of the Group and eliminate all acts of corruption, bribery, extortion, and fraud. In other words, the Group adopts a "zero-tolerance" attitude towards non-compliance. ➤ The Group has formulated the Compliance Manual of BOCOM International, which clearly outlines the code of conduct for the prevention of bribery as well as the approval procedures and control measures in relation to the giving and receiving of gifts, and prohibits employees from engaging in any form of corruption or bribery, such as giving or receiving cash and expensive gifts. The Group is also required to pass an internal independence assessment when engaging any third-party service provider to refer business opportunities.

Aspects	Material ESG risks	Risk management and control measures
		➤ The Group has formulated Measures on Annual Compliance Review for the Prevention of Bribery Code of BOCOM International. The Legal and Compliance Department conducts an antibribery compliance review on all departments every year to ensure that they comply with the gift offering and receiving procedures of the Group through continuous inspection, communication, and feedback, for the purpose of reducing compliance risk. ➤ The Group has put in place reporting channels and confidentiality procedures. The Group encourages its employees and third parties engaged by the Group to report orally or in writing any misconduct in relation to the Group's business through the procedures as set out in the Whistleblowing Policy of BOCOM International. The competent department shall issue oral or written confirmation in relation to any report made by an employee as soon as practicable and in any event within seven working days, and shall keep records for follow-up or tracing of relevant reports. ➤ All forms of corruption and bribery are completely prohibited. Regular internal training is conducted annually to enhance employees' understanding of relevant laws and regulations, further reducing the likelihood of misconduct.
	Employee benefits and welfare	➤ The Human Resources Management System of BOCOM International was formulated to regulate the composition of employee compensation and benefits. ➤ The Group refers to the compensation survey report in Hong Kong every year to evaluate whether the compensation of employees is competitive, and then make further adjustments. It also provides medical examination reimbursement, purchases medical, life, accident, disability, and critical illness insurances, and pays back contributions to Mandatory Provident Fund scheme for eligible employees on an annual basis. ➤ During the Reporting Period, a new welfare system under the Recreation Committee was established, which enhanced employees' satisfaction with their welfare.

Aspects	Material ESG risks	Risk management and control measures
	Supply chain management	➤ The Group adhered to the Regulations on the Purchase and Management of Fixed Asset of BOCOM International and the Procurement Management Measures of BOCOM International to regulate procurement behaviour, and established a complete management mechanism to strive to minimise environmental and social risks in the supply chain throughout the whole process of procurement organisation management and division of responsibilities, supplier selection, onboarding, evaluation, management, and performance appraisal. The Group also required that procurement should be made based on the principles of legal and regulatory compliance, openness and transparency, and competitive effectiveness, priority should be given to energy-saving and eco-friendly products under the same conditions, and the Group shall avoid hiring suppliers with a poor environmental and social performance or ill-reputed. ➤ The Group continuously assessed and screened the suppliers every year. In addition to taking into account the quality and cost of services and products as well as efficiency, we also took environmental factors into consideration, and evaluated their performance in environmental and social responsibilities by understanding the source, composition, and environmental impact of our suppliers' materials. The Group also conducted the sampling inspection of suppliers, in a bid to ensure a supplier's services meeting occupational health standards and meet the Group's compliance requirements and environmental and social responsibility standards. ➤ During the Year, the Group updated the Information Technology Supplier Management Measures of BOCOM International, and performed due diligence and on-site inspections for key suppliers to improve relevant procedures.

Aspects	Material ESG risks	Risk management and control measures
	Geopolitical risks	➤ The Group formulated a negative list for onboarding clients to relevant business, specifying that clients included in international sanctions lists of all sorts issued by countries, regions, and organisations fall under the restricted category and are managed in accordance with the requirements of such lists. ➤ The Group formulated the Country Risk Management Rules of BOCOM International, according to which, it implemented the limit management requirements, conducted regular country risk monitoring, and incorporated country risk into the risk appetite regime. For countries with major geopolitical issues, risk warnings will be issued. The Group's business departments are also required to closely monitor the country-specific situations involved in the existing businesses, and report to relevant leaders and the risk department in a timely manner if any major event affecting the country risk occurred.
	Employee training and development	➤ With the Human Resources Management System of BOCOM International, the Group regulated the management of staff training and training subsidies and encouraged employees to take part in training. ➤ According to the needs of business and employees, different training activities were held regularly for employees and employees were also offered with training subsidies to enrol in further education courses on their own.

Corporate Social Responsibility Report

Aspects	Material ESG risks	Risk management and control measures
Environmental	Green finance	➤ For direct investment business, the Group operates in accordance with the requirements of the Measures for the Management of Direct Investment Risks of BOCOM International. Firstly, the Group strictly implements the requirements of the negative list for onboarding clients, and the Group is prohibited from investing in projects that violate national policy orientations, breach regulatory requirements, or other projects which are prohibited by the Company, as well as industries that are explicitly prohibited by the state (including certain outdated, toxic, hazardous and energy-intensive processes and technologies). Secondly, the project application materials require the business team to determine whether the project falls under the green and low-carbon industry, assess whether the business model of the target company aligns with national policy orientations such as green development and a low-carbon recycling economy, and evaluate whether the target company operates in energy-intensive, high-emission, or overcapacity industries. ➤ For the secondary market investment business, the Group formulated the Measures for Administration of Securities Investment Business of BOCOM International, clearly stating that “in order to fulfil the social responsibility of listed companies, it is recommended that relevant investments prioritise ecofriendly industries and avoid industries such as arms, gaming, and tobacco in principle, on the premise of the same risks and returns”. ➤ During the Reporting Period, the Group formulated the Investment and Financing Policy Guidance in 2025, which specified the investment strategies for the new energy industry, the new energy vehicles industry, and the energy conservation and environmental protection industry, and specified that the development of green finance shall be promoted in the aspect of regional investment and financing strategies.

Aspects	Material ESG risks	Risk management and control measures
Social	Anti-corruption and anti-money laundering risks	➤ The Group established the Compliance Manual of BOCOM International, the Measures for Anti-Money Laundering and Counter-Financing of Terrorism of BOCOM International, and the Whistleblowing Policy of BOCOM International to encourage employees to fight against money laundering and terrorist financing. ➤ Regular internal training sessions are held every year to deepen employees' understanding of relevant laws and regulations and further reduce the probability of improper incidents. ➤ The policies the Group established, including the Measures on Annual Compliance Review for Anti – Money Laundering of BOCOM International and the Measures on Annual Compliance Review for the Prevention of Bribery Code of BOCOM International, stipulate that the Legal and Compliance Department shall conduct annual review on anti-money laundering and anti-corruption to reduce related risks. ➤ The Group established an in-house Legal and Compliance Department and a Risk Management Department to strictly implement the laws and regulations of Hong Kong and monitor suspicious cases to prevent any irregularities.
	Infectious diseases	➤ The Group kept a close eye on the development of various infectious diseases and the latest requirements of the Hong Kong Government, adjusted the relevant arrangements in a timely manner, and made forward-looking prediction and response to material risks such as infectious diseases to ensure business continuity and system stability. ➤ During the annual peak influenza season, the Group provides employees with influenza vaccination vouchers and continuously maintains a clean office environment, including but not limited to regular disinfection of the office premises.

Corporate Social Responsibility Report

Aspects	Material ESG risks	Risk management and control measures
	Human rights standards	➤ The Group formulated relevant policies, including the Measures for Emergency Management of BOCOM International and the Measures for the Administration of Business Continuity of BOCOM International, in order to strengthen its internal management. ➤ With formulation of the Human Resources Management System of BOCOM International, the Group strictly abided by the relevant labour laws to regulate the recruitment and promotion processes and working hours, in a bid to avoid human rights violations such as discrimination, child labour, and forced labour.
Technological	Development of Digital Technology	➤ The Group kept advancing digital transition steadily, actively promoted product innovation, and devoted considerable resources to iteratively updating its digital and intelligent services, including online global trading platform, data management system, cybersecurity and market monitoring system. ➤ The Group optimised its digital products, including service applications such as BOCOMI Service app, "Xingu Bao", and intelligent business statements. Moreover, The Group was also committed to enhancing its online service quality and creating a diversified digital platform that could deliver a better intelligent service experience to clients. The Group actively cooperated with a series of financial reforms initiated by the SFC as per the latest regulatory requirements. As a result, we have launched the Hong Kong Investor Identification Regime (HKIDR), the Over-the-Counter Securities Transactions Reporting Regime (OTCR), and the Fast Interface for New Issuance (FINI) on BOCOMI Service app. ➤ The Group systematically optimised the account opening and rights issue processes, enabling 24-hour online account opening and paperless application communication. The Group reviewed the applications received through the system as a move to facilitate the paperless application process, and introduced a new feature "inspect statements for the past three months", allowing clients' easy access at any time. The Group also introduced SMS notification services to help clients stay informed of the latest information in a timely manner.

Aspects	Material ESG risks	Risk management and control measures
Social	Safeguarding intellectual property rights	➤ The Information Security Policy of BOCOM International was formulated to regulate the internal use of official copies of computer software and avoid infringement of external intellectual property rights. ➤ The Group strengthened internal communication and coordination to ensure that the use of intellectual property rights is in compliance with laws and regulations, especially the content used on new media platforms is legally authorised; provided its employees training on intellectual property laws and regulations to enhance their awareness of intellectual property compliance; regularly reviewed and improved the management of intellectual property applications, and continuously optimised the relevant processes and systems. ➤ The Group regularly filed and updated trademarks and domain names in Chinese mainland and Hong Kong to protect its intellectual property rights.

Corporate Social Responsibility Report

Sustainable Development Objectives

While developing its business, the Group also seeks to fulfil its environmental and social responsibilities. During the Reporting Period, we kept pursuing the established environmental objectives to further promote corporate sustainability.

The Group adheres to its original intention of creating sustainable value for all stakeholders in four major areas, and is constantly pursuing its further goals:



STEADY OPERATION

Safeguarding compliance operations, seizing market opportunities, continuously optimising products and services, and enhancing client experience



CARE FOR EMPLOYEES

Creating a working environment full of humanistic care and building an efficient and collaborative elite team



CARE FOR THE COMMUNITY

Supporting community growth, with the aim of promoting socially sustainable development



CARE FOR THE ENVIRONMENT

Committed to reducing the environmental impact of business operations, supporting green finance business, and comprehensively enhancing the environmental performance of the Group

The implementation of sustainable development objectives during the Reporting Period:

STEADY OPERATION

- Actively expanded new business and enhanced the quality of customer services on the premise of ensuring the Group's compliance at operational level
- Optimised the account opening and rights issue processes on a systematic basis, to achieve 24-hour online account opening and paperless application communication
- Introduced a new feature "inspect statements for the past three months", allowing clients' easy access at any time and also introduced SMS notification services to help clients stay informed of the latest information in a timely manner
- Successfully issued a total of 24 green bonds (including blue bonds) and sustainability development theme bonds, with a total financing amount of US\$9,746 million. Among these, the Group acted as global coordinator, assisting Bank of Communications Financial Leasing Co., Ltd. ("BOCOM Leasing") in issuing 3-year and 5-year floating rate offshore green bonds totalling US\$1.0 billion

CARE FOR EMPLOYEES

- In accordance with the current Human Resources Management System of BOCOM International, continued to regulate matters such as recruitment and dismissal, promotion and training, remuneration and welfare, working hours and holidays, etc., and guarantee the adequate protection of legitimate rights and interests of employees
- Formulated a new welfare system by the Recreation Committee in 2025, significantly enhancing employee satisfaction with benefits, while promoting employee interaction across different departments to strengthen their cohesion and sense of belonging to the Group
- Strengthened training in business ethics, anti-corruption and anti-money laundering, and regulated employees to comply with the high ethical standards in business practices

The implementation of sustainable development objectives during the Reporting Period:

CARE FOR THE ENVIRONMENT

- Implemented the qualitative environmental objectives set in 2021 on an ongoing basis to promote corporate sustainability, including:
 - Reduced the frequency of individual vehicle use by means of implementing the internal Vehicle Management Measures of BOCOM International, strengthening the management of company cars, and arranging carpooling as much as possible
 - Replaced 38 sets of non-LED lighting with LED lighting during 2025, based on the office energy audit results
 - Increased the recycling rate of waste paper and electronic equipment in the office
 - Enhanced the utilisation rate of energy efficiency labelled electrical appliances to reduce energy consumption in the office
 - Raised awareness of environmental protection and energy conservation among staff members
- Continued to conduct the analysis on climate risk and opportunity scenario, and for the first time during the Year, introduced quantitative climate financial analysis of the current and potential impacts of material climate risks and opportunities on the Group
- Conducted the first greenhouse gas (GHG) emissions Scope 3 calculation, also for the first time performing category aggregation and calculation in accordance with the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- Set quantitative targets for GHG emissions Scope 1 and Scope 2 for the first time, and combined with monitoring and performance evaluation, conducted regular reviews and dynamic optimisation to ensure a reasonable and effective path for achieving the targets

CARE FOR THE COMMUNITY

- Actively devoted to supporting the sustainable development of the local environment and supporting social community to improve people's well-being

Stakeholder Engagement

The Group is keenly aware of the critical importance of stakeholder engagement to its sustainable development. Therefore, we attach great importance to stakeholders' opinions and concerns, communicate with them through a diversity of channels, and put in place a comprehensive communication mechanism to learn about their suggestions and expectations. We can take stakeholders' opinions into consideration when developing and implementing sustainable development strategies, in a bid to enhance our performance in sustainable development.

Communication Channels with Stakeholders

Regulatory Authorities	• Meetings • Written Response to Public Consultation • Compliance Reports
Company Employees	• Performance Appraisals • Meetings and Interviews/Briefings • Seminars/Workshops/Lectures/Training Sessions • Team Building Activities/Volunteer Activities • Outstanding Employee Award and Recognition Events
Clients	• Client Satisfaction Surveys and Feedback • Client Service Centres/Intelligent Client Service Robot • Daily Operations/Interactions • Telephone/E-mail Communication
Investment Sector	• Corporate Communications, e.g. Interim Reports, Annual Reports, Announcements, and Circulars • Investor Meetings/Roadshows • Analyst Conferences • Roadshow Activities • Investor Mailbox

Corporate Social Responsibility Report

Communication Channels with Stakeholders

Financial Sector Peers	• Strategic Cooperation Projects • Financial Sector Sharings and Discussions
Community	• Volunteer Activities • Community Investment Schemes • Charity Donations
Business Partners	• Meetings/Daily Communications • Assessments • Work Inspections and Supervision
Professional Bodies	• Meetings • Regular Visits • Task Forces
Media	• Media Briefings • Press Releases • Results Announcements • Media Interviews • WeChat Official Account

Materiality Assessment

In order to fully identify and prioritise sustainability issues, the Task Force invited stakeholders to participate in the materiality assessment based on the established stakeholder communication mechanism, so as to ensure that the Report could specifically address the key issues of concern to the stakeholders regarding the Group. Details on the materiality assessment procedure are set out as follows:

Step 1: Identifying key stakeholders and updating the sustainability issue pool

In formulating the list of key stakeholders to participate in this materiality assessment, the Task Force considered several factors such as “the degree of impact on the enterprise” and “the degree of impact caused by the enterprise” of each stakeholder and the feasibility. At the same time, with reference to the compliance requirement under the Code, the sustainability issue pool of the previous year, and the benchmark analysis on peer enterprises, the Task Force selected 50 sustainability issues related to the Group to update the sustainability issue pool of the Group for the Year.



Step 2: Inviting key stakeholders to participate in the assessment

We invited the key internal and external stakeholders identified in Step 1 to participate in this materiality assessment through online questionnaire survey. The stakeholders who participated in the assessment included directors, the management, the Task Force, employees, clients, investment sector, business partners, media, community/non-governmental organisations, professional societies, and financial sector peers. The internal and external stakeholders ranked the sustainability issues across the economic, environmental and social areas in order of materiality from the perspectives of the Group and their own standing respectively.



Step 3: Identifying material issues

The Group examined the materiality of the sustainability issues in each aspect by considering two dimensions of “importance to the stakeholders” and “importance to BOCOM International”. We assessed the relative materiality of these sustainability issues in the two dimensions by consolidating the ranking made by all internal and external stakeholders. The sustainability issues that were ranked at half of or above the maximum score of relative materiality in the two dimensions were considered “material issues”. We identified 13 material issues across three areas: economic, environmental and social.



Step 4: Inviting the Board to determine material issues

The Task Force invited the Board to confirm the evaluation results of material issues to ensure compliance with the Group’s sustainable development strategies. The details regarding the material issues will be disclosed in the subsequent chapters of the Report to respond to the stakeholders’ concerns.

“List of Material Issues for 2025”



Economic Aspect

- Operational Compliance
- Protecting Data and Privacy of Clients
- Anti-corruption, Anti-bribery, and Anti-financial Crimes
- Anti-money Laundering and Counter-financing of Terrorism
- Corporate Risk Management and Internal Control
- Protecting of Shareholders' Interests



Environmental Aspect

- Green Finance
- Green Office Measures
- Waste Disposal and Recycling



Social Aspect

- Employee Benefits and Welfare
- Equal Opportunities
- Occupational Health and Safety
- Employee Training and Development

* The above issues are ranked in order of materiality (from top to bottom) according to the stakeholders' survey results

Protecting Shareholders' Interests and Maintaining Investor Relations

The Board and the management of the Group have attached great importance to maintaining communications and exchanges with shareholders, investors, and the capital market. Since its listing on the main board of the Hong Kong Stock Exchange in 2017, BOCOM International has always regarded good information disclosure as an important channel to safeguard the rights and interests of investors and improve the transparency of communication.

On the basis of ensuring the compliance, timeliness and adequacy of information disclosure, the Group immediately delivers fair and transparent information to shareholders and investors through a diversity of communication channels such as Annual General Meeting and Extraordinary General Meetings, shareholder enquiries, corporate communications, company website, WeChat official account and investment market communications, so as to provide them with a comprehensive understanding of the Group's financial performance, strategic objectives and major developments, among other aspects.

The Group encourages shareholders to learn more about the Company's development plans and corporate governance activities, get actively involved in company affairs, and exercise their due rights. During the Reporting Period, the Group convened one Annual General Meeting and two Extraordinary General Meetings to seek shareholders' authorisation and approval for major matters, including annual financial performance, re-election of directors, continuing connected transactions, and framework agreements, further strengthening the transparency of major decisions. We simultaneously use the HKEXnews website and the Company's official website to publish annual and interim results announcements, circulars, and other announcement documents promptly. We also continuously utilise social platforms like WeChat official account to share macro market dynamics, industry analysis perspectives, and the latest business progress of the Group, giving full play to the professional advantages of financial institutions to provide the market with more information of reference value.

In addition, we also attach great importance to the level of ESG disclosure. While strictly complying with the relevant rules and regulatory requirements of the Hong Kong Stock Exchange, we continuously refer to the development trends of mainstream international disclosure standards to further enhance the quality of information disclosure, strengthen engagement with the capital market, and support the Company's high-quality sustainable development. During the Reporting Period, the Group once again participated in the Annual Excellent Company Selection under GuruClub organised by Gelonghui.com and was awarded the 2025 "Outstanding ESG Information Disclosure Enterprise", reflecting the capital market's continued recognition of BOCOM International's performance in information disclosure transparency, completeness, and professionalism.



Corporate Social Responsibility Report

In the future, we will continue to strictly comply with the relevant Listing Rules and regulatory requirements of the Hong Kong Stock Exchange, persistently deepening communication and cooperation with shareholders, investors, and the capital market. At the same time, we will regularly review the Shareholder Communication Policy of BOCOM International and its effectiveness to strengthen market trust and long-term investor relations.

Annual General Meeting and Extraordinary General Meetings

During 2025, the Group held one Annual General Meeting and two Extraordinary General Meetings. The Annual General Meeting was held on 26 June 2025, in an online and offline hybrid manner in Hong Kong. At the meeting, ordinary resolutions were considered and passed, including adopting the financial statements for the year ended 31 December 2024, re-electing directors, re-appointing auditors, and granting general mandates to the directors to issue and repurchase Shares. During the Year, the Company convened two Extraordinary General Meetings on 5 November and 17 December 2025, respectively, to seek shareholder approval regarding matters such as revising the annual caps in respect of securities brokerage settlement and subscription of new shares under the Financial Services Framework Agreement, and applying for caps for continuing connected transactions for 2026-2028. All proposed resolutions were duly passed by way of poll. The Company strictly adhered to the requirements for information disclosure and shareholder decision-making procedures, continuously safeguarding shareholders' rights.

STEADY AND COMPLIANT OPERATION

As one of the earliest licensed securities firms with PRC background in Hong Kong, we are a securities firm specialising in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management, and advisory businesses. The Group seizes cross-border business opportunities from the stock connect programmes and takes advantage of its background as a securities firm within a banking group to provide one-stop financial services for customers.

Corporate Risk Management and Internal Control Procedures

The Group attaches great importance to risk management and internal control, and safeguards its assets and shareholders' rights and interests through sound management measures. The Legal and Compliance Department regularly updates the list of compliance related laws and regulations in accordance with the Procedures of Management on Regulatory Requirement Updates Checkup, and keeps track of the latest dynamics of regulatory bodies such as the SFC and HKMA, including climate-related financial risk disclosure frameworks and green finance transition guidelines, so as to ensure that the Group strictly complies with relevant regulations. With reference to the applicable provisions as set out in the Corporate Governance Code under Appendix C1 to the Listing Rules, the Group has established and continuously strengthened its risk management and internal control systems, included ESG risks in operational considerations, and proactively built a comprehensive risk management culture which has been instilled into all levels of business. Such measures enable us to effectively monitor, evaluate, and control the major risks in our operation and service activities, including climate change and environmental risks. At the same time, we strike a balance between business development and risk management effectiveness and actively foster a risk management culture at all levels within the Group.

Given that climate change and ESG risks have a growing impact, the Group deeply recognises the high level of attention paid by clients to the actions taken and investment decisions made by financial institutions in relation to ESG issues. Pursuant to the Measures for the Management of Direct Investment Risks of BOCOM International, we have incorporated ESG risks into the process of investment decision-making, avoided investment and financing businesses from sensitive industries through the negative screening strategy, and helped clients to comprehensively assess and analyse ESG risks associated with their investment projects. By doing so, we are dedicated to providing clients with higher-quality and more comprehensive financial products and services. Going forward, the Group will closely monitor and manage ESG risks derived from investment and financing businesses with intensified efforts, identify any ESG-related investment opportunities, and continuously optimise risk management and internal control processes.

Operational Compliance

Anti-corruption, Anti-bribery and Anti-financial Crime

The Group upholds the values of honesty, integrity, and fairness, and strictly complies with laws and regulations in Hong Kong, such as the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Corporate Finance Adviser Code of Conduct, the Fund Manager Code of Conduct and the Securities and Futures Ordinance, ensuring compliant operation of all regulated activities. In addition, we have formulated a number of in-house documents on anti-corruption, anti-bribery, and integrity enhancement to regulate the behaviours of related personnel of the Group and eliminate all acts of corruption, bribery, extortion, and fraud. In other words, we adopt a "zero-tolerance" attitude towards non-compliance.

Corporate Social Responsibility Report

The Compliance Manual of BOCOM International clearly outlines the code of conduct for the prevention of bribery as well as the declaration and approval procedures and control measures in relation to the giving and receiving of gifts, and prohibits employees from engaging in any form of corruption or bribery, such as giving or receiving cash and expensive gifts. When the Group engages any third-party service provider to refer business opportunities, the relevant business department must complete an "Independence Questionnaire for Engaging Third-Party Service Providers" to assess the service provider's independence and compliance risks. All forms of corruption and bribery are completely prohibited at the Group. In accordance with the Measures on Annual Compliance Review for the Prevention of Bribery Code of BOCOM International formulated by the Group, the Legal and Compliance Department conducts an anti-bribery compliance review on all departments every year to ensure that they comply with the gift offering and receiving procedures of the Group through continuous inspection, communication, and feedback, for the purpose of reducing compliance risk, and relevant review results are reported to the Chief Executive Officer (CEO) and relevant company leaders.

We undertake to comply with the highest standards of openness, honesty, and uprightness, create a transparent communication environment, and put in place reporting channels and confidentiality procedures. We encourage our employees and third parties engaged by us to report orally or in writing any misconduct in relation to the Group's business through the procedures as set out in the Whistleblowing Policy of BOCOM International. The competent department of the Group shall issue oral or written confirmation in relation to any report made by an employee as soon as practicable and in any event within seven working days, and shall keep records for follow-up or tracing of relevant reports. Any third party may report any existing or potential misconduct, fraud, or violation to the Legal and Compliance Department, which will be referred to the Internal Audit Department for review. Investigation results may be reported to senior management and regulatory authorities depending on the severity of the reported matters. The facts and details of a reported matter will be kept strictly confidential, and the Group will make every effort to ensure that the identity of the whistleblower will not be disclosed.

To raise the awareness of integrity among employees, we continuously organise various types of integrity education and anti-corruption training programmes for staff and departments at all levels of the Group, strengthening the construction of an integrity and compliance culture. During the Reporting Period, we conducted five sessions of training related to business ethics and anti-corruption, including induction training for new employees and annual thematic compliance training for front-line and back-office personnel. The trainings covered topics such as Hong Kong's anti-bribery and anti-corruption legal requirements and trends, SFC continuing training requirements, anti-money laundering, and sanctions. We also invite external professional institutions and law firms to provide annual training for directors and senior management, focusing on explaining the latest trends and regulatory requirements in local and international anti-bribery, anti-corruption, and anti-financial crime compliance, continuously enhancing management's compliance awareness. The coverage rate of anti-corruption-related training for both the Group's directors and employees was 100%. The total hours of anti-corruption training attended by directors amounted to 3.5 hours, and by employees amounted to 868 hours. During the Reporting Period, the Group strictly complied with Hong Kong's Prevention of Bribery Ordinance and other applicable anti-corruption laws and regulations, and received no litigation or confirmed cases related to bribery or corruption, further confirming our commitment to maintaining high standards of business ethics.

Anti-Money Laundering and Counter-Financing of Terrorism

The Group fulfils anti-money laundering (AML) duties as a responsible financial institution, and undertakes to eliminate any money laundering and financing of terrorism activities. We require employees of the Group to fully understand their responsibilities under the laws of Hong Kong, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), the Drug Trafficking (Recovery of Proceeds) Ordinance, the Organised and Serious Crimes Ordinance, the United Nations (Anti-Terrorism Measures) Ordinance, the United Nations Sanctions Ordinance, and the Weapons of Mass Destruction (Control of Provision of Services) Ordinance. We have internally updated policy documents, including the Measures for Anti-Money Laundering and Counter-Financing of Terrorism of BOCOM International and the Measures for Quarterly Compliance Review on Anti-Money Laundering of BOCOM International, also incorporated the SFC's Guideline on Anti-Money Laundering and Counter-Financing of Terrorism and other latest regulatory developments, for the purpose of raising employees' awareness of AML and counter-financing of terrorism (CFT). We also enhanced our efforts in reviewing such matters in the ordinary course of business to ensure that employees know the law and abide by it.

In terms of management mechanism, in accordance with the SFC's Guideline on Anti-Money Laundering, we have designated a dedicated compliance officer and a dedicated money laundering reporting officer, who are the head of the Legal and Compliance Department and the head of the Anti-Money Laundering Compliance Team, respectively. They are mainly responsible for establishing and maintaining the Group's systems for AML/CFT and supervising all activities to prevent and detect money laundering/terrorist financing, respectively. The Measures for Anti-Money Laundering and Counter-Financing of Terrorism of BOCOM International continue to emphasise the development of a comprehensive regulatory framework, which includes providing support and guidance to the Risk Management Committee, ensuring that money laundering/terrorist financing risks are adequately managed, and participating in the identification and reporting of suspicious transactions and determining whether there are any suspicious or known attempts or actual instances of money laundering/terrorist financing activities.

Corporate Social Responsibility Report

When assessing risks related to money laundering and terrorist financing, the Group divides such risks into five major categories by focusing on factors such as geographical areas, customers, products/services/transactions, delivery/distribution channels, and institutions, and has formulated corresponding steps to avoid and mitigate potential impacts. Employees are required to submit an internal report to the Money Laundering Reporting Officer within three working days if they become aware of any suspicious transaction, and the documented record of the follow-up handling process shall be properly maintained. The Money Laundering Reporting Officer shall, as far as reasonable, make a report to the Financial Intelligence Team, which will be then referred to the Legal and Compliance Department for appropriate action.

In its routine audit operations, the Legal and Compliance Department conducts quarterly compliance reviews in accordance with the Measures for Quarterly Compliance Review on Anti-Money Laundering of BOCOM International. Such reviews include client account opening document review, non-face-to-face account opening check, delayed identity verification, and third-party deposit placement and withdrawal and etc., to ensure that BOCOM International's relevant business procedures are in compliance with anti-money laundering rules and internal policies and procedures. Upon completion of the quarterly reviews, the relevant personnel must submit a review report to the head of the Legal and Compliance Department for review and signing, and the review results shall be then reported via email to the executive in charge of the Legal and Compliance Department to solicit opinions. Once approved by the head of the Legal and Compliance Department and the executive in charge of the Legal and Compliance Department, the Legal and Compliance Department must notify the relevant executive, department heads, and other relevant personnel (if applicable) mentioned in the review report via email, requesting the concerned departments to submit improvement plans within two weeks.

In addition to a series of comprehensive internal policies, the Group also emphasises on enhancing employees' overall awareness of anti-money laundering efforts. We regularly provide compulsory AML trainings, with the aim of ensuring the employees grasp the professional knowledge and practical capabilities required by AML and CFT activities, building an effective internal control system and promoting the implementation of management efforts. During the Reporting Period, the Group organised AML training sessions, tailoring the training content based on employees' job functions. Such trainings covered the latest legal and regulatory requirements, AML controls and ongoing monitoring measures, emerging market risk dynamics, internal policy procedures, and analysis of typical cases, further consolidating all employees' comprehensive capabilities in identifying, preventing, and responding to money laundering risks.

Cybersecurity and Client Privacy

The Group is highly dedicated to protecting data and information cybersecurity and privacy of clients. The Group has formulated a series of internal management measures, including the Measures for the Management of Data Loss Prevention System of BOCOM International, the Technical Specifications for Information System Security of BOCOM International, the Management Measures for Information System Data Security of BOCOM International, and the Information Security Policy of BOCOM International to set strict standards for data collection, storage, transmission, use, exchange, and destruction in a bid to ensure the effective implementation of daily data and information security management.

For data and information cybersecurity, we have deployed a data loss prevention (DLP) system to meet BOCOM International's sensitive information protection requirements. Such system realises data loss prevention and security control in network environments through file control strategies, email control strategies, terminal control strategies, etc. Appropriate network segregation measures and standard procedures are in place to ensure that only persons with actual needs and upon approval can access or use the system, meanwhile, regular penetration testing and vulnerability scanning shall be conducted to eliminate potential safety hazards.

Regarding customer privacy protection, the Group strictly complied with the Personal Data (Privacy) Ordinance of Hong Kong and informed the clients about the purpose for personal information collection, scope of use permitted, and scope of disclosure of clients' personal information, so as to ensure that the clients are aware of and agree on the scope for using their personal information. Meanwhile, we also encrypt data as it is collected and transmitted. The Information Security Policy of BOCOM International also states that confidential and sensitive data (information obtained from clients, corporate members, organisations, or business partners) must be:

- used only for the specified purpose for which it was collected;
- kept for the period specified under the laws and regulations or the period in respect of the main purpose;
- kept confidential and must not be divulged without authorisation.

To ensure the security of clients' personal information, the Group has implemented a series of specific measures, including establishment of access rights control and data storage and access monitoring mechanisms, establishment of the Chinese wall policies to ensure separate management of confidential client information by each department. In addition, employees are strictly prohibited from copying any client information to personal devices or using personal computers to process business, in an effort to strictly prevent the risk of information divulgence at the source. Upon occurrence of confidential data divulgence, we will promptly develop and implement emergency remedial measures in response to the actual circumstances, and make every effort to safeguard the rights and interests of the clients concerned. Furthermore, we continue to improve our data privacy and security management practices, conduct regular cybersecurity assessments on a monthly basis and vulnerability scanning and testing on a quarterly basis. We have also updated the Working Measures for the Research Department of BOCOM International, requiring that researchers must copy to the head of the Research Department and the Legal and Compliance Department on all emails involved in the investment banking and other departments about going over the Chinese wall, in order to strengthen compliance control and risk prevention of the projects going over the wall.

Corporate Social Responsibility Report

In addition, the Information Technology Department continuously conducts cybersecurity awareness promotion and training for all employees, with relevant assessments following the training to ensure that they can fully grasp necessary knowledge on cybersecurity, effectively safeguard our business interests and the personal data of clients, and improve the information security risk control regime constantly. During the Reporting Period, we organised cybersecurity and privacy protection training covering phishing prevention, data encryption, incident emergency response and other contents, to enhance employees' ability to respond to emerging threats such as ransomware and supply chain attacks.

Respecting Intellectual Property Rights

The Group attaches great importance to the protection of intellectual property rights and regulates the management and application of its intellectual property rights by establishing related policies and management measures. According to the chapter headed "Regulations on Software Licenses and Copyrights" in the Group's Information Security Policy of BOCOM International, only software with genuine licenses is allowed to be installed on the work computers with the approval of the department head and the Information Technology Department. Moreover, all licensed software is managed by the Information Technology Department, and all employees are prohibited from using the software for individual purposes or installing and using software without permission, and regular software asset inventory and compliance audits will be conducted to prevent any infringement risks. Meanwhile, we regularly register and update our own trademarks and domain names in Chinese mainland and Hong Kong. Currently, we have successfully registered 10 domain names and continuously implemented domain name monitoring measures to prevent cybersquatting. In the future, we will continue to develop policies and procedures for intellectual property rights management, promote the management of intellectual property rights effectively, and control related risks stably.

Promotion of Fintech and Optimisation of Financial Services

We are committed to building long-term relationships with clients, offering a full package of quality products and services, and bringing into play our core advantages in an effort to meet diverse investment and financing needs of clients.

With the deep integration of artificial intelligence, big data, blockchain, and other information technologies with financial services, we keep advancing digital transition steadily, actively promote product innovation, and devote considerable resources to iteratively updating our digital and intelligent services, including online global trading platform, data management system, cybersecurity and market monitoring system, through which we strive to meet the diversified needs of clients and achieve efficient client management and precision marketing.

Against the backdrop of digital and intelligent transformation and in response to the strategic deployment of “deeply advance the development of Digital China (深入推進數字中國建設)” set out in the Proposal for the 15th Five-Year Plan of China, we have actively seized every market opportunity to continuously optimise our digital products, including service applications such as BOCOMI Service app, “Xingu Bao”, and intelligent business statements.

Meanwhile, we are also committed to enhancing our online service quality, and optimising customers’ user experience across diversified digital platforms and intelligent services. The Group actively cooperated with a series of financial reforms initiated by the SFC, and adapted to changes in regulatory requirements. As a result, we have launched the “Hong Kong Investor Identification Regime (HKIDR)³”, the “Over-the-Counter Securities Transactions Reporting Regime (OTCR)”, and the “Fast Interface for New Issuance (FINI)⁴” on BOCOMI Service app.

In addition, we also systematically optimised the account opening and rights issue processes, enabling 24-hour online account opening and paperless application communication, and further facilitating operation through automated system review. Additionally, we introduced a new feature “inspect statements for the past three months”, allowing clients’ easy access at any time. We also introduced SMS notification services to help clients obtain the latest information in a timely manner.

Responsible Marketing and Advertising

The Group is very concerned about the quality of its business. We always take external communications and advertising materials with honesty and seriously and cautiously deal with relevant content to ensure that all information provided externally is clear, transparent, true, reliable, accurate, and correct. The Group strictly abides by the applicable laws and regulations such as the SFO, and strictly prohibits illegal advertising and promotion for any product that is not authorised by the SFC. The Compliance Manual of BOCOM International expressly sets out the code of conduct and practical guidelines for promotional materials and advertising and promotion activities to regulate the marketing practices of products and services. For example, if advertising activities involve new media platforms, relevant statement shall be balanced without false, groundless, misleading, or fraudulent information or discriminatory or indecent language. Moreover, advertising and promotion materials shall include applicable legal and regulatory disclosure statement(s) or necessary risk warning statement(s). In addition, the engagement of employees with media outlets in the form of speech, interview, meeting, or commentary on behalf of the Company, the relevant arrangements must be coordinated and approved by the relevant internal departments to ensure the compliance and consistency of information delivered.

Client Satisfaction

BOCOM International attaches great importance to the communication with clients. We always listen carefully to clients’ views and suggestions, constantly improve our service experience for a higher level of satisfaction, and strive to offer high-quality services. We have streamlined our client complaints handling process, providing clients with various channels for enquiries and complaints, including phone calls, facsimiles, and emails, which will ensure that their complaints, oral or written, can be dealt with in a timely and appropriate manner.

³ https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/HKIDR?sc_lang=zh-HK

⁴ https://www.hkex.com.hk/Services/Platform-Services/FINI?sc_lang=zh-HK

Corporate Social Responsibility Report

When an employee receives a complaint, he/she should report the complaint to the Legal and Compliance Department and his/her department head immediately. The complained department shall be responsible for the investigation, the Legal and Compliance Department will independently review and give replies to the client concerned in a timely manner. If regulatory issues are involved, they shall be reported to the management. If timely remediation is not possible, employees shall inform the client of their right to refer the matter to the financial dispute mediation centre for further handling. Throughout the complaint handling process, the complaint content shall be strictly kept confidential on a "need-to-know, least-authorised" principle. In the event of issues involving serious or material impact, a report shall be submitted to the SFC as soon as practicable. Upon completion of the investigation, the Legal and Compliance Department shall assist in drafting the final response to fully address all issues raised by the complainant.

During the Reporting Period, we received one complaint from clients, which was followed up and handled through the customer complaint handling procedures set out in the Compliance Manual of BOCOM International. The clients concerned didn't provide any further comments on our handling results. So far, all individual complaints have been resolved and closed. Therefore, we achieved a 100% complaint resolution rate during the Reporting Period.

Green Finance and Commitment to Developing Green Industries

In order to enhance the sustainability and competitiveness of our business mode, the Group actively develop green finance by making good use of our business characteristics. Through green finance investment, issuance of green bonds, and establishment of green funds, we capitalise on market demands and trends and continue to spot more opportunities in the field of green finance.

Green Bonds

The Group implements the concept of green finance as per the Credit and Risk Policy Implementation Rules of BOCOM International, continuously supporting green development centred on carbon peak and carbon neutrality and exploring high-quality green financial products and services, and actively provides specialised green financial services and continues to increase the issuance and underwriting of green bonds.

During the Reporting Period, BOCOM International achieved outstanding underwriting performance. As of the end of December, the Group successfully issued a total of 24 green bonds (including blue bonds) and sustainability development theme bonds, with the financing amount of US\$9,746 million. Among these, the Bank acted as global coordinator, assisting BOCOM Leasing in issuing 3-year and 5-year floating rate offshore green bonds totalling US\$1.0 billion. The issuance was groundbreaking as the world's first green bond themed on the Common Ground Taxonomy for Sustainable Finance, and also the first 5-year SOFR-based floating-rate USD bond in the China offshore bond market. It effectively established a 3+5-year floating-rate curve for the China financial leasing market, providing strong support for the promotion of cross-border green capital flows; meanwhile, as a global coordinator, assisted BOCOM Financial Leasing in issuing the US\$700 million green floating-rate bond, fully demonstrating the Group's professionalism in the field of green finance.

Sustainable Supply Chain Management

The Group is committed to extending the concept of sustainability to the entire supply chain, as it believes that sustainable supplier management is the cornerstone of maintaining its service quality.

For ensuring fairness and transparency in the selection and management of suppliers, the Group adhered to the Regulations on the Purchase and Management of Fixed Asset of BOCOM International and the Procurement Management Measures of BOCOM International, further regulated procurement behaviour, established a complete management mechanism to strive to minimise environmental and social risks in the supply chain throughout the whole process of procurement organisation management and division of responsibilities, supplier selection, onboarding, evaluation, management, and performance appraisal. Among these, the Regulations on the Purchase and Management of Fixed Asset of BOCOM International stipulates that procurement should be made based on the principles of legal and regulatory compliance, openness and transparency, and competitive effectiveness, priority should be given to energy-saving and eco-friendly products under the same conditions, and the Group shall avoid hiring suppliers with a poor environmental and social performance or ill-reputed.

We insist on assessing and screening the suppliers every year to ensure the service continuity. In addition to taking into account the quality and cost of services and products as well as efficiency, we also take environmental factors into consideration, and evaluate their performance in environmental and social responsibilities by understanding the source, composition, and environmental impact of our suppliers' materials. Moreover, we also conduct the sampling inspection of suppliers, in a bid to ensure a supplier's services meeting occupational health standards and the Group's compliance requirements and environmental and social responsibility standards. During the Reporting Period, we engaged 58 suppliers⁵ from Hong Kong, all of whom were selected in strict accordance with our standards, and no significant environmental and social risks or negative impacts were identified from them.

Moreover, the Group implements the concept of "green procurement" in day-to-day operations to make "our offices green". In the process of purchasing office supplies, we prioritise buying products that are made of renewable materials and environmentally certified, instead of disposable ones, such as Forest Stewardship Council (FSC)-certified paper bags, eco-friendly photocopiers, sustainability-certified paper, reusable tableware, electrical appliances and lighting equipment with energy efficiency labels, and smart water dispensers using eco-friendly refrigerant R-134A. While encouraging suppliers to provide high-quality eco-friendly office supplies as a move to further reduce the impact on the environment, adhering to the philosophy of win-win cooperation, we move towards the goal of sustainable development together with our suppliers.

⁵ The number of our suppliers stated above covers suppliers for printing paper, renovation projects, furniture, electrical appliances, anti-epidemic supplies, cleaning and hygiene services, as well as providers for transportation and freight services and gardening services.

TAKING CARE OF EMPLOYEES AND NURTURING TALENTS

The Group upholds a “people-oriented” business philosophy and believes that employees are the bedrock of its sustainable development. Therefore, we attach great importance to talent management and endeavour to create a corporate culture that emphasises physical and mental well-being of employees as well as a workplace that is suitable for employees to use their respective strengths. We recruit, nurture, and retain talented people through various channels to build a competitive team of elites. While maintaining steady business development of the Group, we do everything possible to help employees grow together with us.

During the Reporting Period, we strictly complied with relevant laws and regulations in Hong Kong and Chinese mainland, including but not limited to the Employment Ordinance, the Employees’ Compensation Ordinance, the Minimum Wage Ordinance, the Mandatory Provident Fund Schemes Ordinance, the PRC Labour Law, and the PRC Labour Contract Law, and in accordance with the Group’s internal policies, namely the Human Resources Management Policy of BOCOM International to continuously regulate matters including recruitment and dismissal, promotion and training, compensation and benefits, as well as working hours and holiday arrangements, to fully protect the legitimate rights and interests of employees and effectively promote the implementation of human resource management.

Employment Management

Employee Benefits and Welfare

The Group firmly believes that a competitive employee benefits and welfare programme is the key to attracting and retaining talents. In accordance with the existing Human Resources Management System of BOCOM International, we strictly complied with the statutory rest day requirements of the place of operation, and did not encourage and never forced employees to work overtime. In the event of special circumstances, employees were allowed to take compensatory leave. We have also established clear specifications governing the components of employee remuneration and benefits, which are adjusted annually after assessing competitiveness by reference to Hong Kong regional remuneration surveys. We also make contributions to mandatory provident fund – supplementary schemes for eligible employees.

We constantly review the latest employment regulations and market conditions, and update and improve relevant policies in a timely manner to maintain the competitiveness of the Group and retain elite talents as required by the high-quality development. Apart from statutory holidays and benefits including public holidays, annual leave, statutory paid sick leave, maternity leave and paternity leave, and Mandatory Provident Fund scheme, we have also actively introduced other welfare programmes to enhance employee benefits, including birthday leave, wedding leave, funeral leave, and other additional paid leave. In addition to the employment injury and medical insurance purchased for all employees in accordance with the Employees’ Compensation Ordinance, we provide comprehensive coverage including medical examination reimbursement and medical, life, accident, disability and critical illness insurance, and also purchase group medical insurance for employees’ immediate family members. Moreover, we have also formulated the Regulations on Reimbursement of BOCOM International to clearly specify the guidelines and limits for the reimbursement of work-related expenses, such as travelling expenses.

The Group attaches great importance to the physical and mental health of employees. We actively carry out a variety of employee engagement activities, encourage employees to develop after-work hobbies, and work with them to create a diversified workplace and maintain a work-life balance. In addition, the Group established the Recreation Committee, which is assigned to organise group activities and welfare initiatives for staff, a brand-new welfare system for the Recreation Committee was formulated in 2025, which has significantly improved employees' satisfaction with welfare benefits, meanwhile promoted exchanges among employees from different departments, thus enhancing team cohesion and fostering their sense of belonging to the Group.

During the Reporting Period, we organised a diversified team-building activities for employees, including collective birthday parties, Women's Day handicraft workshops, hiking and walking races, sea fishing activities, family movie days, tree planting and conservation activities, historical study of war of resistance, and family fun days. These activities demonstrated care for employees, promoted communication and cooperation, and enhanced their sense of belonging. The Recreation Committee also arranged participation in cultural events such as the Picasso Special Exhibition and the Ancient Egyptian Civilisation Exhibition to broaden employees' cultural and artistic horizons; meanwhile, various sports activities including bowling and basketball competitions were held to enrich employees' leisure life.

Corporate Social Responsibility Report



Employee Birthday Party



Family Fun Day



Women's Day Event



HKCEA Cross-country Race



2025 Hong Kong & Kowloon Walk for Millions

Employee Diversity and Equal Opportunities

To promote mutual respect with its employee, the Group is committed to enhancing equal opportunities, eliminating all forms of discrimination, and creating an equal, open, and diverse working environment to ensure fair recruitment, promotion, and benefits of employees. During the Reporting Period, we strictly complied with the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance, and the Race Discrimination Ordinance in Hong Kong. We strove to ensure inclusive and equal job opportunities for all employees regardless of gender, health, family status, and race.

During recruitment, we adopt uniform selection criteria and conduct evaluations based on objective factors such as qualifications, work experience and skills, and job requirements. In the meantime, we have a sound performance appraisal and promotion mechanism, during the Reporting Period, we newly formulated the employee performance appraisal measures to standardise the annual comprehensive assessment, accurately measure employees' overall performance, enhance the scientificity and standardisation of appraisals, and provide clear guidance for employees' career development. The evaluations comprehensively cover multiple dimensions including employees' on-the-job performance, skills proficiency and future job requirements, ensuring that the promotion process is not affected by irrelevant factors such as gender, family status, marital status, pregnancy or disability, so as to effectively protect employees' rights to equal opportunities.

Protection of Employees' Rights and Interests

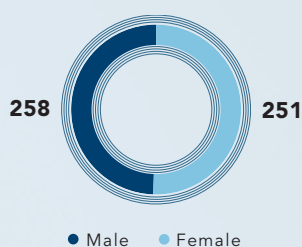
In the process of hiring new employees, we conduct a comprehensive review of the information of prospective employees, such as verifying the personal information and confirming that the employee reaches the legal working age, so as to completely eliminate child labour. Meanwhile, we also provide prospective employees with an annex named "Personal Information Collection Statement", which clearly states the purpose of the information to protect their personal privacy rights. If any false information or discrepancies are found, we will ask the prospective employee concerned to provide a reasonable explanation; if such prospective employee fails to provide reasonable explanation, we will revoke or cancel the employment contract in accordance with the "reasons for termination of employment contract" in the Employment Ordinance. In addition, we always enter into employment contracts with employees based on the principle of equality, and clearly specify duties, working hours, rest days, and holidays in the Human Resources Management System of BOCOM International. Moreover, any forms of forced labour are prohibited.

For the procedures of resignation, we have also set out detailed provisions in such system to ensure that both employees and the Company follow the procedures of resignation as required to protect the rights and interests of both parties. The employment contract clearly states the notice period for resignation, and in case either party fails to give prior notice, the other party shall be indemnified with payment in lieu of such notice. Meanwhile, the departing employees are also required to sign the "Final Salary Confirmation", to acknowledge that they are aware of the amount of separation salary to ensure that a reasonable salary is guaranteed. In addition, the Human Resources Department will also provide a "certificate of employment" to the departing regular employees.

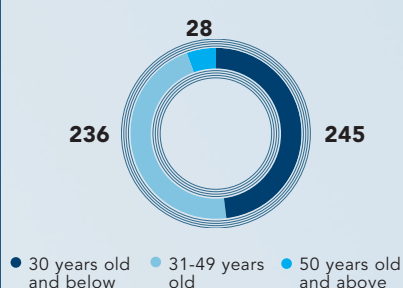
Corporate Social Responsibility Report

As of the end of the Reporting Period, the Group had a total of 509 employees who were all full-time employees. The workforce⁶ and turnover rate⁷ by gender, age group, and geographical region are as follows:

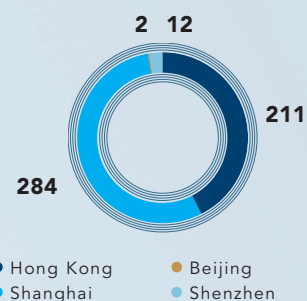
**Number of employees
by gender**



**Number of employees
by age group**



**Number of employees
by geographical region**



Employee turnover rate	
Employee classification	2025
By gender	
Male	12%
Female	16%
By age group	
30 years old and below	12%
31 to 49 years old	17%
50 years old and above	7%
By geographical region	
Hong Kong	19%
Shanghai	10%
Beijing	89% ⁸
Shenzhen	17%

⁶ All statistics in relation to the workforce of the Group are as of 31 December 2025.

⁷ The employee turnover rate is calculated as: the number of employees who left/the total number of employees in the category x 100%.

⁸ The employee turnover rate in Beijing is calculated as: the number of employees who left during the year in Beijing ÷ (the total number of in-service employees at the end of the year in Beijing + the total number of employees who left during the year in Beijing).

Employee Training and Development

The Group attaches great importance to employee development, puts emphasis on the top-level design and overall planning of the talent team, and optimises the policy mechanism of “nurturing, selection, management and utilisation” by formulating opinions on the development of talent teams, builds a platform for talent practice and training, promotes the development of urgently-needed talent teams in key areas, and solidly shoulders the responsibility for talent training. The Group takes actions on the quality enhancement of key talents, regularly organises talent review, determines the list of key talents to be cultivated by business lines, formulates quality enhancement implementation plans, implements targeted talent training, and provides positive incentives by adopting measures such as job exchange and rotation, project practice, training and cultivation, honour assessment and selection, appraisal and incentives, promotion and development to effectively play the role of talents in pioneering its growth.

In accordance with the Human Resources Management System of BOCOM International, each department of the Group is responsible for the main tasks of talent training. In the process of talent planning and design, we promote talent cultivation in a hierarchical and classified manner, focusing on the selection and cultivation of outstanding young managers and the backbones in business operations. We will fully leverage our advantages in the linkage of domestic and foreign talents to foster high-calibre talents catering to the needs of the market, covering core areas such as investment banking, securities, asset management and research.

As the overall management department of employee education and training, the Human Resources Department organises a variety of education and training according to the Group’s strategic planning and job demands, including comprehensive quality and management ability training (such as induction training for new employees, regular theoretical and practical training by hierarchy and classification, leadership training), professional skills training, market hotspot and industry research training, basic business and collaborative linkage training, special enhancement training for key businesses, and training on legal compliance and regulatory requirements organised by each department. We invite external organisations to undertake courses, special lectures, seminars and team building activities, and the tuition, examination fees and activity fees of employees participating in training courses, examinations, lectures or activities organised by the Group shall be fully paid by the Group.

In addition, the Group provides further study subsidies for employees, with an annual maximum subsidy amount set according to job grade, applicable to all employees who enrol in work-related courses or examinations on their own initiative to enhance professional competence. We also support reimbursement for professional qualification certificates and on-the-job training. The number of licensed personnel continues to grow, and many new employees already hold relevant licences and certificates. To further standardise the training system, we plan to revise the onboarding training content by incorporating an ESG training module and fixing training hours to improve standardisation in the future. Meanwhile, through in-depth research and analysis, we will establish a professional and coordinated training platform to effectively control costs and achieve sustainable training objectives.

Corporate Social Responsibility Report

The percentage of employees trained⁹ and the average training hours completed¹⁰ by gender and employee category are as follows:

Percentage of employees trained	
Employee classification	2025
By gender	
Male	51.2%
Female	48.8%
By employee category	
Senior positions	11.5%
Medium positions	21.3%
Primary positions	67.2%

Average training hours completed per employee ¹¹	
Employee classification	2025
By gender	
Male	60.0 hours
Female	79.7 hours
By employee category	
Senior positions	22.7 hours
Medium positions	24.5 hours
Primary positions	92.0 hours
Total	69.6 hours

⁹ The percentage of employees trained is calculated as: the number of employees trained in the category/the total number of employees trained x 100%.

¹⁰ The average training hours completed are calculated as: the total training hours completed by employee in the category/ the number of trained employees in the category.

¹¹ The employee training statistics listed above do not include the data of employees who left the Company during the Reporting Period.

During the Reporting Period, the Research Department held a total of 19 special training seminars, focusing on three major categories: macro strategies, industry outlooks and cutting-edge technologies.

The macro strategy segment covers contents including annual macro and industry outlooks, tariff impacts, and global bond analysis; the industry outlook segment conducts in-depth discussions on eight major industries such as real estate, finance, new energy vehicles, internet technology, and medical consumption, as well as special topics such as logistics real estate and private medical services; in terms of cutting-edge technologies, it focuses on hot issues such as the development of photovoltaic cells, semiconductors and humanoid robots. Such trainings facilitate employees in gaining an indepth understanding of the latest industry developments and market opportunities and risks and in having an accurate picture of future industry development, so as to enhance their investment decision-making capabilities. In addition, we organised a cybersecurity awareness training course through online instructional modules, and required all employees, especially new hires, to participate the training every year, with a view to strengthen cybersecurity protection awareness.

Meanwhile, the Legal and Compliance Department organised 19 training sessions focusing on four major categories: compliance of securities and futures business, fund regulations, professional ethics and risk prevention and control. The professional ethics and integrity education was added to the induction training programme for new employees, with an aim to prevent the risk of non-compliance from the source. Such training also covers corporate culture and concepts, regulatory requirements and management systems, etc., to help new employees quickly integrate into the team and get into work.

Occupational Health and Safety

The Group always attaches importance to the safety and physical and mental well-being of employees. As such, we strive to build a healthy, safe, amicable work environment. During the Reporting Period, we strictly complied with the Occupational Safety and Health Ordinance in Hong Kong and the Law on the Prevention and Control of Occupational Diseases of the PRC in Chinese mainland. We also explicitly stipulated in the BOCOM International Human Resources Management System that, labour insurance, group life insurance, personal accident insurance, and business travel insurance are to be purchased for our employees to ensure their occupational health and safety to the largest possible extent. Meanwhile, we arranged a number of health-themed training sessions to enhance awareness of occupational health among employees. Furthermore, we offer different annual medical examination reimbursement plans according to actual needs of employees and equip them with ergonomic office facilities, and we conduct periodic inspections on fire safety devices, with an aim to generally reduce the risks of occupational hazards and fire accidents. We also periodically disinfect and disinfest our offices to ensure a clean, sanitary work environment.

Corporate Social Responsibility Report

We pay close attention to the latest developments of policies related to occupational health and safety, and our Human Resources Department monitors and updates the Group's management policies in a timely manner. The Group has established appropriate contingency measures against extreme weather such as typhoons and rainstorms to ensure the safety of its employees at the workplace and during their commute time. During the Reporting Period, we not only conducted annual inspections for fire protection installations, but also posted the fire safety guidelines on each floor to ensure that employees could be familiar to the measures to deal with fire as well as the escape routes. Meanwhile, we also participated in the fire drills organised by the property management company in accordance with the BOCOM International Guidelines for Fire, Disaster, and Accident Prevention. These drills were designed to strengthen employees' fire evacuation training, emphasise the practical operation skills of fire-fighting equipment such as fire extinguishers, and effectively enhance employees' ability to respond to emergencies, avoid risks, and conduct self-rescue and mutual assistance. During the Reporting Period, the Group did not have any work-related injuries. There were no cases of work-related fatalities in the Group over the past three years.

For the health of our staff, we continued to provide sanitisers and anti-epidemic supplies in the office, and arranged disinfection processes for viruses and infectious diseases, to ensure the cleanliness of the workplace. If employees are infected with an infectious disease, we would provide medication to them and flexible work-from-home arrangements, and allow department heads to make flexible arrangements for disinfection and cleaning of the office according to the actual business situation, on the premise of ensuring the normal operation of BOCOM International.

CARE FOR THE ENVIRONMENT AND INTEGRATING THE CONCEPT OF SUSTAINABLE DEVELOPMENT INTO THE OPERATION PROCESS

The Group actively fulfils corporate responsibilities, upholds the concept of sustainable development, and commits itself to promoting a culture of green operation. In the course of daily operations, we adopt various energy conservation and emission reduction measures to minimise the impact on the environment and natural resources, thus striking a balance between business development and environmental protection.

Green Office Measures and Environmental Protection

We formulated in-house documents such as the BOCOM International Green Office Regulations and the BOCOM International Vehicle Management Rules to regulate the management of the use of paper, electricity and water, vehicle exhaust emissions as well as the waste generated in the office, to ensure operations could comply with regulatory requirements. Meanwhile, we posted the Green Office Tips in our offices to promote environmental protection and energy conservation measures, and integrated the concept of a "green operation" culture into the daily work of employees, to practise energy-saving and emission reduction measures from the top down. We also planted green plants to improve air quality, a prerequisite for creating a comfortable and healthy working environment for employees. The energy and resources consumed by the Group mainly consist of the externally purchased electricity, gasoline used by company cars, and office water use and paper use. This year, we comprehensively conducted the identification and calculation of greenhouse gases Scope 3 emissions for the first time, expanding the coverage of Scope 3 emissions compared with previous periods. Other major emissions include those from energy consumption and air pollutants.

Environmental Qualitative Objectives

The Group set environmental qualitative objectives in 2021, which cover the discharge of air pollutants and greenhouse gas emissions, energy efficiency, and waste generation, and correspondingly set up action plans. The following are the main environmental objectives and action plans that we continuously implemented as well as their progress during the Reporting Period:

Objective category	Environmental objectives	Indicators	Action plans	Time to achieve objectives	Progress and Actions in 2025
Air pollutant and greenhouse gas emissions	Encouraging green mobility	Strengthening management of company cars	- Recording the fuel consumed by company cars - Regularly overhauling them - Gradually replacing them with lower/zero-emission vehicles	Short-term	The plan was in progress. Since 2023, the measures for the management of company cars were implemented, aiming to gradually replace company cars with lower emission vehicles. In terms of vehicle management, the carpooling shall be adopted whenever possible, to reduce the frequency of vehicle use for one person
		Reducing carbon emissions from business travels	- Cutting unnecessary business travels - Reducing the number of first class and business class flights	Short-term	The plan was in progress. Employees were encouraged to replace business trips with videoconferencing/teleconferencing. Clear approval process for business travel shall be set to ensure that travel is necessary
	Supporting carbon neutrality	Offsetting carbon emissions	Buying carbon credits to offset carbon emissions from operations	Medium-term	The plan was yet to be implemented. In the future, we will gradually understand and select appropriate carbon credit projects and reputable carbon credit suppliers or markets, and buy the corresponding amount of carbon credits according to needs
Waste generation	Strengthening office waste paper recycling	Increasing office waste paper recycling rate	- Improving office waste recycling system - Collecting data about the amount of office waste paper recycled, etc.	Short-term	The plan was in progress. Bags for destroying confidential documents were placed at prominent locations of our office in Central, Hong Kong, and a third-party company was hired to recycle waste paper at offices and count the amount of the waste paper
	Recycling and reusing office equipment	Recycling office electronic equipment	- Developing recycling plans - Regularly checking the progress of executing the plans	Short-term	The plan was in progress. One old photocopier was replaced during the Year. Electronic equipment was recycled by a contractor approved by the government (ALBA Integrated Waste Solutions (HK) Limited) to turn the e-waste into resources in a sustainable manner

Corporate Social Responsibility Report

Objective category	Environmental objectives	Indicators	Action plans	Time to achieve objectives	Progress and Actions in 2025
Energy use efficiency	Improving energy use efficiency	Cutting office energy	Purchasing appliances with energy labels	Short-term	The plan was in progress. During the year, LED lighting equipment was replaced and purchased. In the future, we also intend to upgrade all office electronic equipment to energy label-certified appliances
		Conducting energy audits in offices	- Formulating annual energy audit plans - Working out energy-saving measures	Short-term	The plan was in progress. In line with the results of the 2024 Office Energy Audit, 38 sets of non-LED lighting devices have been replaced with LED lighting devices
All environmental areas	Advocating environmental awareness	Offering training on environmental protection for employees	- Adding environmental training to induction training - Drawing up environmental training/publicity plans to irregularly organise energy conservation-themed activities	Short-term	The plan was in progress. We included environmental protection content in induction training and shared with staff green office tips, including energy conservation, office equipment, waste avoidance and reduction, material recycling, purchase of products made of recycled materials

Electricity management

The energy and resources consumed by the Group are mainly the externally purchased electricity in the office and the gasoline used by company cars. During the Reporting Period, we adopted proactive measures to reduce office energy consumption to improve energy use efficiency. We circulated the BOCOM International Notice on Safe Use of Electricity to employees to cultivate awareness of saving electricity and remind them to turn off unnecessary power sources, such as lights, photocopiers, computers, water dispensers, and coffee machines, during lunch time, after office hours, and after the use of the meeting room to avoid waste of energy.

In addition, we actively used products with lower power consumption. During the Reporting Period, the Hong Kong office replaced 38 sets of non-LED lighting devices with LED lights, and prioritised electrical appliances with energy efficiency labels and RoHS compliance. The effective implementation of these energy efficiency measures has significantly increased the use of energy-labelled electrical appliances, thereby actively contributing to sustainable development.

Water management

During the Reporting Period, in order to avoid waste of water resources, we adopted various measures, such as posting water conservation tips at the office premises to enhance water conservation awareness; providing reusable cups for visitors in the conference room and advising employees to bring their own cups to reduce consumption of bottled water. In 2025, as part of the renovation of washrooms and pantries in Man Yee Building, all faucets were upgraded to water-saving ones, which greatly improved water efficiency. Given the business nature, the Group is in a non-water-intensive industry. The water used in our offices is mainly from the municipal water supply, and is centralisedly managed by the property management company. There is no difficulty in sourcing water and no need to set targets for water consumption for the time being.

Exhaust Emissions

During the Reporting Period, we actively implemented green mobility and a low-carbon strategy, and strictly complied with the Air Pollution Control Ordinance and the Motor Vehicle Idling (Fixed Penalty) Ordinance of Hong Kong. The Group internally formulated the BOCOM International Vehicle Management Measures, which provide for the use of company cars, require staff to record the fuel consumption of company cars, and regularly inspect and repair company cars, to avoid fuel inefficiency caused by ageing of vehicle parts, with a view to ensuring that the vehicles could maintain good performance and efficient operation. In the future, we plan to gradually switch to greener vehicles to further reduce air pollutants and greenhouse gas emissions.

On the premise of not affecting our normal operation, staff are encouraged to make use of audio and video conferencing and public transport for business visits, so as to reduce the use of company cars and move further towards the aim of minimising the impact on the environment. In case of necessary business travels, we will preferably buy economy seats in the hopes of continuously contributing to global carbon emissions reduction. In addition, we provide low carbon driving training to our drivers, and require them to make more appropriate arrangements for itineraries to avoid the situation of idling engines, in an effort to increase vehicle fuel efficiency and reduce air pollution caused by driving cars.

Corporate Social Responsibility Report

Hong Kong office areas – air pollutant emissions

Types of air pollutant emissions ¹²	Emissions in 2025	Emissions in 2024	Unit
NOx emissions	3.44	6.11	kg
SOx emissions	0.20	0.24	kg
CO emissions	46.79	54.86	kg
PM2.5 emissions	0.06	0.14	kg

Hong Kong office areas¹³ –resource consumption

Class	Consumption in 2025	Intensity of consumption in 2025	Consumption in 2024	Intensity of consumption in 2024
Fuel consumption (gasoline) ¹⁴	13,325.78 L	2,220.96 L/car	16,316.03 L	2,719.34 L/car
	129,145.01 kWh	21,524.17 kWh/car	158,124.61 kWh	26,354.10 kWh/car
Electricity consumption	681,870.00 kWh	3,231.61 kWh/person	725,592.00 kWh	3,210.58 kWh/person
		189.32 kWh/m ²		155.42 kWh/m ²
Total energy consumption	811.02 mWh	3.84 mWh/person	883.72 mWh	3.91 mWh/person
Water consumption ¹⁵	508.86 tonnes	2.41 tonnes/person	672.27 tonnes	2.97 tonnes/person
Total paper consumption	4,054.05 kg	19.21 kg/person	4,617.87 kg	20.43 kg/person

Environmental Education and Publicity

The Group believes that it is important for its operations to raise the environmental awareness of employees. We add environmental protection content to the induction training programme, draw up environmental publicity plans, and organise energy conservation-themed activities, encourage actively employees to develop eco-friendly habits and foster a sense of social responsibility for environmental protection. In their daily work, we encourage to reduce the use of disposable tableware by posting energy and resource conservation notices in our offices and providing reusable tableware, thereby effectively implementing environmental measures.

¹² The computation method and relevant emission factors of the air pollutant emissions are based on the EMEP/EEA Air Pollutant Emission Inventory Guidebook – 2023 published by the European Environment Agency.

¹³ The Hong Kong office areas of the Group include the Headquarters Office in Central, Hong Kong, and the Tsim Sha Tsui office, with a total area of 3,601.7 square metres. They accommodate 211 employees.

¹⁴ Fuel consumption was from six company cars over which the Group has operational control in the Hong Kong office areas during the Reporting Period.

¹⁵ As water is supplied by the building, water consumption is calculated based on the data regarding the average water consumption of each floor and average daily water consumption provided by the building management office.

Meanwhile, dedicated personnel are assigned to conduct regular inspections to ensure that employees comply with environmental requirements, while continuously fostering the development of eco-friendly habits, and achieve the implementation and long-term promotion of environmental protection concepts.

Waste Disposal and Recycling

During the Reporting Period, the Group strictly complied with the Waste Disposal Ordinance of Hong Kong to efficiently avoid spending extra cost arising from the improper disposal of waste. We also properly manage the hazardous and non-hazardous office waste. Given the business nature, the hazardous waste mainly includes electronic appliances, fluorescent light tubes, waste batteries, and waste toner cartridges. We persistently recycle hazardous waste in the hopes of making the best use of all resources.

In active response to the government's policy initiatives, we push forward initiatives for waste reduction from the source: we arranged for recyclers to dispose of photocopiers in a sustainable manner and cooperate with suppliers to collect the used toner cartridges on a regular basis. The discarded fluorescent tubes are collected by the building management office which would transfer them to a recycling point. Waste sorting and recycling bins are placed in the office premises for collection of non-hazardous waste such as waste paper, aluminium cans, and plastic bottles, which are then transferred to the central recycling bins of the building for centralised treatment. We will continuously communicate with the property management companies to understand their plans to comply with the municipal solid waste charging policy in Hong Kong, and conduct an internal assessment on the impact of the policy to prepare ourselves accordingly.

Paper Management

During the Reporting Period, we were committed to increasing the recycling rate of office waste paper, reducing waste generation, and promoting to achieve the goal of a circular economy. As such, we improved the waste recycling system. We advocate double-sided printing, place a wastebasket next to each photocopier, and provide confidential document shredding bags for employees, with an aim to increase the amount of waste paper recycled and reduce paper waste.

We have hired a professional confidential document disposal service provider to recycle waste paper and keep statistics on the amount of waste paper recycled to monitor the completion of relevant objectives. Meanwhile, we actively move to paperless offices. Employees are encouraged to generally use electronic methods, such as e-mail and scanning to circulate and communicate, and store documents electronically, to save paper and move to the implementation of an environmental office.

Hong Kong office areas – waste generation

Class	The amount generated in 2025	The intensity of waste generated in 2025	The amount generated in 2024	The intensity of waste generated in 2024
Hazardous waste				
Waste fluorescent light tubes	80 tubes	0.02 tube/m ²	83 tubes	0.02 tube/m ²
Waste toner cartridges	40 cartridges	0.19 cartridge/person	50 cartridges	0.22 cartridge/person
Non-hazardous waste¹⁶				
Waste paper ¹⁷	1,216.22 kg	5.76 kg/person	1,385.36 kg	6.13 kg/person

Climate Change Practices

In response to Hong Kong's Climate Action Plan 2050 and the "dual carbon" goal of China, the Group has taken concrete actions at the operational and business levels to enhance climate change management, to strengthen climate risk management ability continuously and to promote the low-carbon transition.

Climate Risk and Opportunity Management

Climate change has increased the frequency and severity of extreme weather events all over the world, governments of different countries have continued to strengthen climate-related regulations and drive technological innovation in response to the transition. We actively explore the economic opportunities and challenges brought by climate change. With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), and in compliance with the newly added Part D – Climate-related Disclosures in the HKEX Code, we have established a climate change management framework to fully integrate response to climate change into the full life cycle of business operations. The Group also reviews the Measures of BOCOM International for the Management of Climate-related Risks every year to ensure adherence to the principle of "having a positive impact on climate change" in the investment management process.

¹⁶ The remaining electronic waste in 2025 included one printer, three televisions, sixteen servers and four hard drives.

¹⁷ Waste paper production was estimated based on 30% of the paper consumption.

Governance

The Group's ESG governance structure is led by the Board. The ESG Task Force is responsible for overseeing climate-related risks and opportunities, with its duties set out in the Terms of Reference of the Task Force and the Measures for the Administration of Climate Change-Related Issues of BOCOM International, and the Administrative Measures for Task Force.

- **Competency:** The Board and ESG Task Force participate regularly in climate risk training, and assess members' professional backgrounds and external advisory support to ensure the capabilities required for strategic oversight.
- **Information Access:** The Board and ESG Task Force review the annual ESG Report, discuss climate-related risks and opportunities, and regularly receive thematic reports and briefings on material matters from the ESG Task Force.
- **Strategy Integration:** When overseeing strategies, material transactions and risk management processes and related policies, the Group considers the trade-offs of climate risks (such as the impact of physical risks and transition risks on financial businesses, asset portfolios and green financing), and integrates them into the overall risk framework and ESG risk management system.
- **Target Monitoring:** The Group oversees the formulation and progress of climate targets. Relevant indicators are not yet incorporated into the remuneration policy. The Group will consider the possibility of integrating climate-related performance indicators into executive remuneration in the future, and ensure implementation through regular reviews of target achievement progress.

Under the authorisation of the Board, the ESG Task Force, in collaboration with relevant departments, is responsible for the identification, assessment and strategy implementation of climate-related risks. In accordance with the Measures for the Administration of Climate Change-Related Issues of BOCOM International and other internal policy documents, the ESG Task Force coordinates and monitors the impact of climate change on business operations, responds to relevant risks and identifies potential opportunities. For further details, please refer to the section "Environmental, Social, and Governance System".

STRATEGY

Climate-related Risks and Opportunities

Climate Risk and Opportunity Assessment Process

Compared with 2024, the Group has systematically advanced the climate risk and opportunity assessment process. First, refer to the categories of climate risks and opportunities in peer ESG reports, industry research and media materials, combined with the characteristics of BOCOM International's value chain and the policy environment of its operating regions, we conduct in-depth analysis of industry disclosure practices, and initially identify and establish an issue pool for climate risks and opportunities that are highly relevant to our business.

The Group designs an online questionnaire based on issue pool, inviting relevant internal personnel to assess potential climate-related risks and opportunities from the two dimensions of "possibility" and "extent of impact" and then conducts materiality ranking to identify the material climate-related risks and opportunities for the Year and establish a climate-related risk and opportunity matrix, and evaluate their impacts using quantitative financial methods, thereby clarifying priority management matters.

Climate-related Risk and Opportunity Identification Results

Through comprehensive analysis, the Group identified a total of 4 physical climate risks, 3 climate transition risks, and 2 potential opportunities and assessed their impacts on the Group's business, strategy and finance.

We have developed corresponding response measures to different types of climate change-related risks for our business practices. The table below illustrates the measures that have been taken in response to the significant climate risks and opportunities that have been identified:

Risk Category		Climate Risks ¹⁸	Time Horizons of Impact ¹⁹	Main Operating Risks (including qualitative and quantitative financial effect analysis) ²⁰	Risk Responses/Action Plans
Transition Risks	Reputation Risks	Growing stakeholder concern over negative feedback	Short-to-medium term	Current: In 2025, BOCOM International had no related financial expenditure on climate risk related compliance and reputation management. Anticipated: Increased stakeholder pressure could lead clients to shift to green competitors, reduce the scale of assets under management and advisory fees, and increase financing costs to meet investors' ESG requirements. Reputational loss can also amplify capital outflows during market volatility, impacting overall liquidity.	Developed the Administrative Measures for the ESG Task Force of BOCOM International to actively benchmark against international disclosure standards while meeting the requirements of laws and rules, ensuring ESG information disclosure compliance. Simultaneously, actively aligning with the Hong Kong's Climate Action Plan 2050 and the national "Dual Carbon" goals, the Company took practical actions at both operational and business levels to comprehensively enhance climate change management capabilities and continuously strengthen climate risk management performance from top to bottom. The Company also followed diversified communication channels set out in the Shareholder Communication Policy, conveying real-time and fair information to shareholders and investors through shareholder inquiries, corporate communications, company website, WeChat official account, online and offline shareholders' meetings, and investment market communications, enabling shareholders and investors to clearly understand the Group's financial performance, strategic objectives and plans, and major developments.

¹⁸ Ranked according to the assessment results (from top to bottom).

¹⁹ For details on the explanation of the time horizons of impact, please refer to the "Climate Resilience" section.

²⁰ The Group has made quantitative disclosure on the current financial effects of climate-related risks during the Reporting Period. However, regarding the analysis of anticipated financial effects, given the limited availability of relevant information and assessment methods at this stage, it is difficult to identify such effects separately, and existing measurement methods involve high uncertainty, making it challenging to provide meaningful quantitative estimates. Therefore, in accordance with the reasonable information relief principle permitted by the Environmental, Social and Governance Code of The Stock Exchange of Hong Kong Limited, the Group has temporarily not disclosed anticipated financial quantitative information on the climate-related risks or opportunities. The Group will continue to improve data collection mechanisms and internal capacity building, and as relevant methods and information mature further, it will disclose specific anticipated financial effects during future reporting periods when appropriate.

Corporate Social Responsibility Report

Risk Category		Climate Risks	Time Horizons of Impact	Main Operating Risks (including qualitative and quantitative financial effect analysis)		Risk Responses/Action Plans
Physical Risks	Acute risks	Adverse effects from increased frequency of extreme weather events	Short-to-medium term	Current: In 2025, BOCOM International incurred no expenditure on office system operation & maintenance repairs or related insurance costs due to extreme weather.	• •	Worked out arrangements for typhoon signals, "extreme conditions" and rainstorm warnings. Provided remote work arrangements and other measures according to the actual situation, and maintained off-site data backups to expedite business recovery and meet the requirements of business continuity.
				Anticipated: Extreme weather events may lead to damage to operating equipment assets, threats to the safety of employees, depreciation of assets and higher operating costs, increased insurance premiums, and increased operating costs due to the need to repair or replace equipment and assets. Frequent extreme weather events will lead to business interruptions and financial market instability, which in turn may affect investment income.		
Transition Risks	Policy and legal risks	Exposure to legal procedure risks	Short-to-medium term	Current: In 2025, BOCOM International had no relevant expenditure on climate-related litigation and regulatory compliance costs. Anticipated: Any failure to meet the relevant legal and regulatory requirements will lead to litigation risks, higher operating costs due to fines and relevant fees resulting from litigation, negative impacts such as business loss, brand and reputation damage, which in turn will lead to a decrease in revenue, and the need to invest additional resources and funds to meet legal and regulatory requirements, which in turn will increase relevant expenses.	•	Strengthened policy research and prediction, kept abreast of changes in regulations, and made efforts in internal system development.
Physical Risks	Chronic risks	Adverse effects from long-term changes in global climate patterns – change in rainfall patterns	Medium-to-long term	Current: In 2025, BOCOM International incurred no equipment maintenance and operation expenditure related to office premises due to frequent rainstorms.	• •	Developed the Measures for Emergency Management of BOCOM International to enhance disaster preparedness capabilities, and continuously improve available mechanisms and emergency recovery mechanisms. Developed the Measures for the Administration of Continuity of BOCOM International, strengthened the support of the extreme weather system in accordance with the requirements of the Stock Exchange, and prepared response plans and emergency drills under extreme circumstance.
				Anticipated: Long-term changes in rainfall may exacerbate flood risks in Hong Kong, affecting the prices of securities in the client's investment portfolio that are in affected industries (such as real estate), leading to an increase in the default rate of margin financing and higher bad debt provisions. This could compress profit margins in financing business and amplify the negative impact of market volatility on underwriting projects.		

Risk Category		Climate Risks	Time Horizons of Impact	Main Operating Risks (including qualitative and quantitative financial effect analysis)		Risk Responses/Action Plans
Transition Risks	Policy and legal risks	Stricter policy supervision over existing products and services	Medium-to-long term	Current: In 2025, BOCOM International had no relevant expenditure on climate-related compliance management. Anticipated: Policy tightening on products and services (e.g., green disclosure requirements) could increase compliance costs, including system upgrades and report preparation, impacting profits from corporate finance and underwriting businesses. Failure to adapt promptly could lead to licensing restrictions, reducing market share and brokerage income.	•	ESG factors have been fully integrated into project reviews. In principle, no new capital allocation is made to industries with high energy consumption, high emissions, or overcapacity. Additionally, the Group reviews its investment and financing policy guidelines annually in accordance with credit policy guidelines, clearly specifying key areas for green finance investment. This approach seizes green investment opportunities while mitigating transition risks associated with policy tightening.
Physical Risks	Chronic risks	Adverse effects from long-term changes in global climate patterns – rising average temperatures	Medium-to-long term	Current: In 2025, BOCOM International incurred no additional electricity or other energy consumption expenses due to rising temperatures. Anticipated: Rising temperatures may increase the energy consumption of office air conditioning, leading to higher operating expenses, and potentially cause power supply instability through heatwaves, interfering with high-frequency trading system performance and reducing the trading volume in brokerage business.	•	Developed the Measures for Emergency Management of BOCOM International to enhance disaster preparedness capabilities, and continuously improve available mechanisms and emergency recovery mechanisms.
Physical Risks	Chronic risks	Adverse effects from long-term changes in global climate patterns – rising sea level	Medium-to-long term	Current: In 2025, BOCOM International incurred no operation & maintenance costs and insurance expenses for office equipment and related drainage systems due to flood disasters. Anticipated: Rising sea level poses a threat to infrastructure in low-lying areas in Hong Kong, potentially increasing insurance costs and office space relocation expenses over the long term, eroding profitability. If it impacts client assets (e.g., securities related to coastal real estate), it could amplify investment portfolio volatility and increase provisions for loan and financing losses.	•	Developed the Measures for Emergency Management of BOCOM International to enhance disaster preparedness capabilities, and continuously improve available mechanisms and emergency recovery mechanisms. Developed the Measures for the Administration of Continuity of BOCOM International, strengthened the support of the extreme weather system in accordance with the requirements of the Stock Exchange, and prepared response plans and emergency drills under extreme circumstance.

Corporate Social Responsibility Report

Opportunity Category	Climate Opportunities ²¹	Time Horizons of Impact	Main Operating Opportunity (including qualitative and quantitative financial effect analysis)	Opportunity Responses/Action Plans
Opportunities	Products and services	Medium-to-long term	Current: In 2025, revenue from green financial products and related services accounted for less than 0.5% of BOCOM International's total revenue. Anticipated: Developing climate-themed products such as green bond underwriting and ESG funds can attract new client group, expanding commission, margin, and management fee income.	- Developed innovative financial instruments, supported the financing of renewable energy projects, promoted green credit and supply chain finance, and supported green technology research and development and fintech empowerment. - Assessed the climate risk of each fund under management on a monthly basis, and subsequently discussed the possibility of launching ESG funds in the future.
	Market	Short-to-long term	Current: In 2025, new green finance-related revenue accounted for less than 0.5% of BOCOM International's total revenue. Anticipated: Growing demand in transitioning markets provides new financing opportunities, such as loans for sustainable project and green IPO underwriting, stimulating business growth and market share expansion. Active participation in the green finance market can also improve the cost of capital and tap into institutional investor resources, enhancing overall financial performance.	Developed innovative financial instruments, supported the financing of renewable energy projects, promoted green credit and supply chain finance, and supported green technology research and development and fintech empowerment, also continued to pay attention to the development trend in the relevant sectors, actively communicated with industry peers, explored and launched products or services following the green and low-carbon development trend.

²¹ Ranked according to the assessment results (from top to bottom).

Scenario Analysis Framework

Leveraging publicly available scenarios at the international level and appropriate input parameters, we established a scenario analysis framework. Based on various factors such as the operating value chain and the location of operations of BOCOM International, we assessed the potential impact of physical and transition risks on operations and financial performance. Referring to scenarios such as the Intergovernmental Panel on Climate Change (IPCC) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), we target the short-term (now-2030), medium-term (2031-2050), and long-term (2051-2060) to construct low emission²² and high emission²³ scenarios, aligning with the disclosure scope of ESG, and analyse the actual and potential impacts on business, strategy, and financial planning. The impacts of climate-related risks and opportunities are assessed from the short-term, medium-term and long-term perspectives respectively in order to analyse their priority and risk management and to adopt targeted risk management measures thereon.

²² The low emission scenario covers the physical risk scenario IPCC AR6 (Sixth Assessment Report) SSP (Shared Social-economic Pathways) 1-2.6 and the transition risk scenario IEA (International Energy Agency) NZE (Net Zero Emissions).

²³ The high emission scenario covers the physical risk scenario IPCC AR6 SSP 5-8.5 and the transition risk scenario IEA STEPS (State Policies Scenario).

Corporate Social Responsibility Report

The following sets out the key parameters used to conduct scenario analysis and the reasons for which are considered important:

Key Parameter	Reason for Inclusion
Extreme weather events	Increased frequency of extreme weather events may disrupt the Group's business operations
Long-term changes in global climate pattern	Prolonged deterioration in climate patterns may adversely impact the Group's business operations
Regulatory requirements for products and services	Increasingly complex regulations will raise compliance costs
Climate change disclosure requirements	Stricter climate-related disclosure requirements may elevate compliance risks and costs
Low-carbon technology transition costs	Transitioning to new energy/energy-efficient equipment from traditional energy/energy-intensive equipment will lead to early obsolescence of existing equipment, resulting in higher operating expenses
Shifts in customer preferences	Growing customer preference for green and low-carbon products and services will reduce competitiveness if not proactively addressed
Energy prices	Rising energy prices will directly affect the operating costs
Public awareness of climate change issues	Failure to address climate change-related concerns promptly may damage brand reputation

Key assumptions relevant to BOCOM International under the low and high emission scenarios:

	Low Emission Scenario	High Emission Scenario
Physical Environment		
Increase in global mean temperature	Approximately 1.5°C by 2040, approximately 1.7°C by 2060 and approximately 1.8°C by 2100	Approximately 1.6°C by 2040, approximately 2.4°C by 2060 and approximately 4.4°C by 2100
Rise in global mean sea level	Likely to reach 0.19m (possible range 0.16-0.25m) by 2050 and 0.44m (possible range 0.32-0.62m) by 2100	Likely to reach 0.23m (possible range 0.20-0.29m) by 2050 and 0.77m (possible range 0.63-1.01m) by 2100
Impacts of climate change	Relatively stable	Significant (increase in the frequency and severity of floods, extreme weather, etc.)

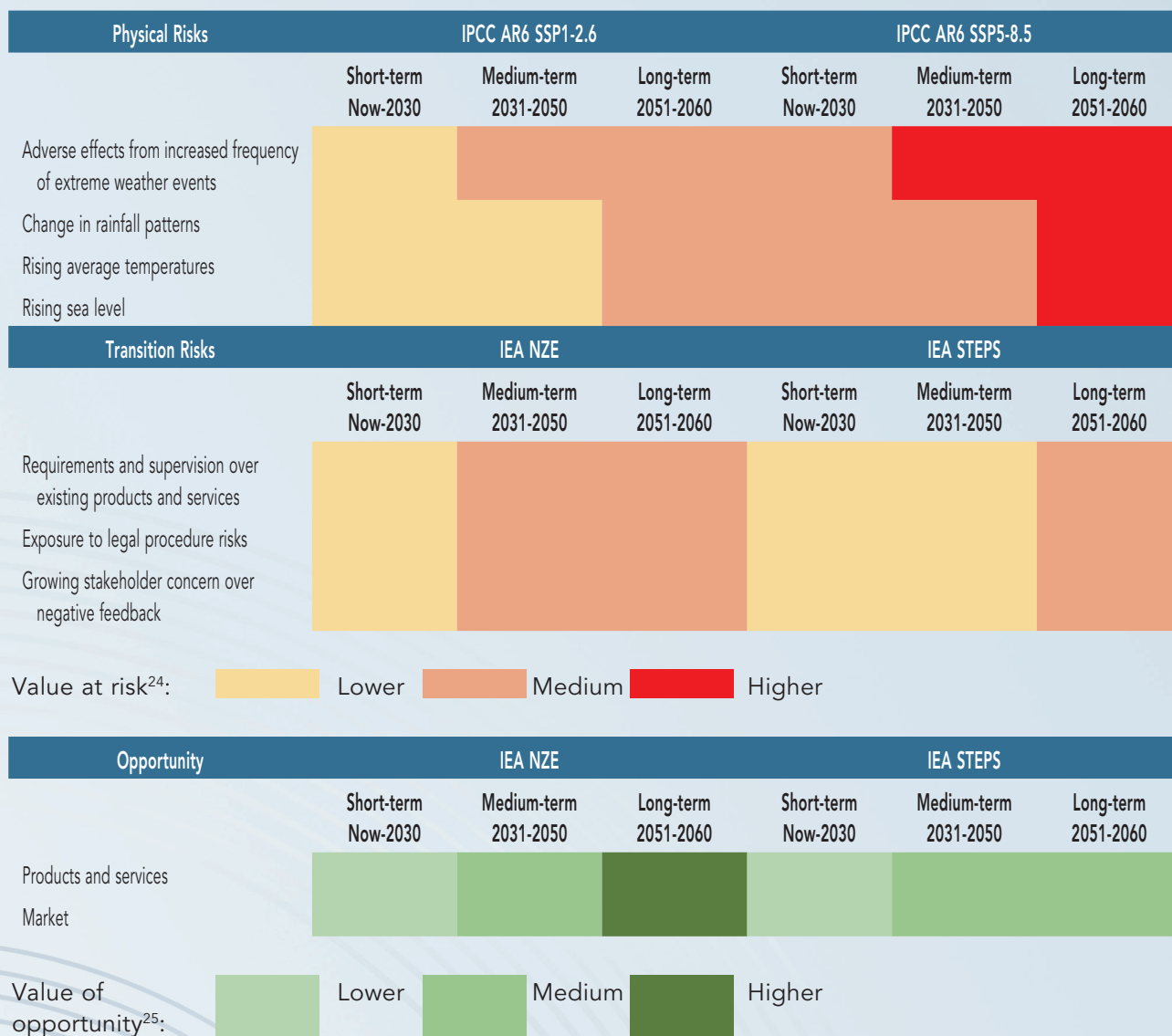
	Low Emission Scenario	High Emission Scenario
Socio-economic Environment		
Economic development	Towards more inclusive economic development and respect for known environmental boundaries	Fossil fuel-driven economic growth and technological progress have led to high levels of greenhouse gas emissions before 2100, which could exacerbate extreme weather events
Climate policy	Chinese mainland and Hong Kong have pledged to achieve net-zero emissions and have formulated detailed short-term targets and action plans. Chinese mainland has pledged to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060, while Hong Kong has pledged to achieve carbon neutrality by 2050	The absence of new climate policies is due to institutional, political and economic obstacles, namely policy inertia
Implementation of policy	Strict climate policy mainly implemented by Chinese mainland government and Hong Kong government, with low difficulty in implementation	Lack of detailed short-term action and implementation plan
Common business model	Rapid transition from a fossil-fuel-dependent economy to one powered by renewable energy	Profit-driven business model without proper consideration of environmental and social impacts
Commitment level	Companies commit to contributing to national and regional climate action targets, i.e. business partners working together to achieve low-carbon operations	Public awareness is insufficient to promote institutional reform

Climate Resilience

Based on the results of the analysis of various climate-related risks and opportunities under different scenarios, reference indicators, and time horizons, the climate resilience performance of BOCOM International, taking into account its business characteristics, geographical environment and other factors, can be comprehensively assessed.

Corporate Social Responsibility Report

The diagram below shows the results of BOCOM International's climate resilience assessment:



²⁴ Value at risk: According to the climate scenario analysis in the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework, the higher the value at risk, the greater the impact of climate-related risks on the enterprise's potential asset value and financial position, requiring the enterprise to take more measures to enhance climate resilience.

²⁵ Value of opportunity: According to the climate scenario analysis in the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework, the higher the value of opportunity, the more significant the positive impact of climate-related opportunities on the enterprise's potential asset value and financial performance, and the greater the extent to which the enterprise can benefit from relevant trends.

Climate-related Strategy and Business Transformation

The Group has integrated climate-related risks and opportunities into strategic decision-making and resource allocation, and formulated climate transition plans to address transition risks (such as carbon neutrality policies, green consumption trends, etc.) and physical risks (such as floods, sea level rise, etc.). In 2025, although climate change has not yet had a material or structural impact on the overall business model and asset allocation, but climate factors have been gradually incorporated into the decision-making process at the risk management and product layout levels, in preparation for potential future business and asset adjustments. On the one hand, the Group further strengthened its prudent assessment of high-carbon industries and high-climate-risk assets when undertaking and managing business, and incorporated climate risk factors into project review. On the other hand, the Group actively grasped opportunities in green and sustainable finance, continued to expand green bond underwriting and other low-carbon-related investment and financing services, and focused on business areas related to carbon reduction transition and sustainable development in terms of resource investment and product innovation. In addition, the Group promoted green office and energy-saving renovation at its own operational level, and prioritised energy efficiency and carbon emission impacts when investing in information technology and infrastructure to enhance the resilience of its business model to climate change. Looking ahead, the Group will further assess the potential impact of climate change on various asset portfolios and income streams on the basis of continuous climate scenario analysis and quantitative climate risk assessment, and adjust its business structure and asset allocation as necessary to respond to regulatory requirements and market transition trends.

Climate Transition Plan and Goal Achievement Path

To achieve the transition to a low-carbon economy, the Group has formulated a climate transition plan covering 2025-2035, integrating climate targets into its overall business strategy, focusing on reducing greenhouse gas emissions and enhancing operational resilience (for further details, please refer to the “Metrics and Targets” section). The Group will also continuously monitor the progress of the target according to the target set scope, and make appropriate and timely disclosure explanations in the subsequent reporting periods.

Resource Allocation Plan

In 2025, the Group has allocated dedicated resources to support the climate-related actions in its budget and human resources allocation, including assigning dedicated personnel from the ESG Task Force and cross-departmental teams to be responsible for climate risk integration, and investing in internal training and external consultancy fees to enhance the climate risk identification capabilities of all employees. Specifically, the Group has reserved funds in its 2025 annual budget for green office renovation and energy-saving projects in its own operations, for example, replacing 38 sets of LED lighting equipment (capital investment of HK\$19,000), which were expected to comprehensively enhance the energy efficiency of the office in Hong Kong and reduce Scope 2 GHG emissions. The Group has also, for the first time, formulated quantitative GHG Scope 1 and Scope 2 emission reduction targets, and has established a dedicated tracking mechanism to ensure continuous investment in human and technological resources to promote low-carbon transformation and effectively reduce the carbon footprint in its operations.

Metrics and Targets

To advance the clean and low-carbon transition and enhance climate resilience, the Group has, for the first time this year, established clear quantitative targets for GHG Scope 1 and Scope 2 emission reductions, accompanied by specific action plans and timelines. It continuously implements energy-saving and low-carbon measures, while regularly calculating and closely monitoring greenhouse gas emission data within the scope of its Hong Kong office (including the first-time calculation of Scope 3 emissions), to ensure the effective implementation of the climate strategy and support sustainable development targets.

Hong Kong office areas – greenhouse gas emissions

Scope of greenhouse gas emissions	Emissions in 2025	Emissions in 2024	Unit
Scope 1 ²⁶ :	35.56	43.40	tCO ₂ -e ²⁹
Scope 2 ²⁷ :	392.33	458.42	tCO ₂ -e
Scope 3 ²⁸ :	464.14	186.55	tCO ₂ -e
Total greenhouse gas emissions (Scopes 1, 2 & 3)	892.03	688.37	tCO ₂ -e
Intensity of greenhouse gas emissions (Scopes 1, 2 & 3)	0.25	0.15	tCO ₂ -e/m ²
	4.23	3.05	tCO ₂ -e/person

²⁶ The computation method and relevant emission factors of greenhouse gas emissions (Scope 1) are based on: the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) jointly issued by the Electrical and Mechanical Services Department and the Environmental Protection Department and the updated Global Warming Potential (GWP) values from the IPCC Sixth Assessment Report (AR6, released in 2021).

²⁷ The computation method and relevant emission factors of greenhouse gas emissions (Scope 2) are based on: the 2024 Sustainability Report by HK Electric Investments Limited and the 2024 Sustainability Report by CLP Holdings Limited, this greenhouse gas emissions (Scope 2) emission data is geographically based.

²⁸ The computation method and relevant emission factors of Scope 3 GHG emissions for the year are based on Appendix 2: Reporting Guidance on Environmental KPIs of the Stock Exchange, the Carbon Emissions Calculator of the International Civil Aviation Organisation (ICAO) (<https://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>) and the U.S. Environmental Protection Agency (EPA) "Supply Chain Greenhouse Gas Emission Factors v1.3.0 NAICS CO₂e USD 2022" dataset. GHG emissions from supplier services are estimated based on the Company's procurement amount. In addition, the calculation is also based on the Greenhouse Gas Reporting: Conversion Factors 2025 published by the UK Government– These emission conversion factors are for use by UK and international organisations to report on 2025 greenhouse gas emissions emissions, as a supplementary reference for emission factors and methodologies. The collection scope of Scope 3 (other indirect emissions) greenhouse gases for the year is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, covering the following 7 categories in total: 1. Purchased goods and services; 2. Capital goods; 3. Fuel and energy related activities 5. Waste disposal; 6. Business travel; 7. Employee commuting; 8. Upstream leased assets. For electricity consumption from Category 8 upstream leased assets (office use), with reference to the energy utilisation index for office use buildings in the Online Building Based Electricity Utilisation Index Benchmarking Tool issued by the Hong Kong Electrical and Mechanical Services Department, the Group estimates annual electricity consumption based on leased floor area and corresponding annual electricity usage index per square metre, and applies the electricity emission factor for the Year to calculate Scope 3 greenhouse gas emissions (<https://eui.emsd.gov.hk>).

²⁹ The Group's greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol, encompassing carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆), and are converted into carbon dioxide equivalent (CO₂e) using the 100-year global warming potential values (GWP₁₀₀) set out in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC). Unless otherwise stated, all emissions data presented hereafter are calculated on this basis.

Climate-related Targets and Emission Reduction Commitments

The Group attaches great importance to climate change issues, integrating emission reduction actions into its overall strategic planning. It establishes quantitative climate targets through a systematic process covering the entire chain of research, formulation, implementation and evaluation. This involves conducting comprehensive research on the current emission status of both BOCOM International and its industry peers, performing benchmark analysis, clarifying the scope of greenhouse gas targets and the baseline year, and identifying key emission sources and existing emission reduction measures. After target setting, the Group continuously tracks implementation progress, integrating monitoring with performance assessments. Regular reviews and dynamic optimisation are conducted to ensure a reasonable and effective path for achieving the targets.

The Group uses Scope 1 and Scope 2 GHG emissions as core indicators for setting climate targets, establishing clear absolute emission reduction targets. We promote decarbonisation initiatives at both the operational and business levels to comprehensively enhance climate change management capabilities and risk response levels, supporting low-carbon transition. The scope of application of these targets is consistent with the disclosure scope of the environmental section in the Group’s annual report, covering the Hong Kong office business segment, with an implementation period spanning from 2024 to 2035. The baseline year is set as 2024.

GHG Scope 1 and Scope 2 Quantitative Targets	
Absolute Total Target	By 2035, BOCOM International’s total Scope 1 and Scope 2 GHG emissions will be reduced by 30% as compared to the 2024 baseline year.

The Group adopts an absolute emission reduction target for total GHG emissions. In alignment with China's Nationally Determined Contribution (NDC) under the Paris Agreement and the Hong Kong's Climate Action Plan 2030+ and the Carbon Neutrality Roadmap 2050, which commit to peaking carbon dioxide emissions by 2030 and striving to achieve carbon neutrality by 2060, the target set by BOCOM International is consistent with this direction. To ensure effective implementation of the targets, the Group has established a comprehensive review and monitoring mechanism. The ESG Task Force will review its appropriateness annually and submit it to the Board for approval; the review process will incorporate internal scenario analysis and overall strategy benchmarking to ensure the targets are scientifically sound and consistent with the Group's long-term development. To continuously monitor progress towards the targets, BOCOM International has also established a monitoring mechanism, tracking the effectiveness of its emission reduction by comparing annual Scope 1 and Scope 2 emissions with baseline year emissions using Key Performance Indicators (KPIs).

At the qualitative level, the Group continues to intensify its efforts in climate emission reduction by implementing and monitoring long-term qualitative climate targets. Through targeted measures and enhanced indicator tracking mechanisms, climate considerations are deeply integrated into the full spectrum of our business operations. These measures include encouraging employees to turn off lighting and non-essential electrical appliances outside of office hours; promoting "green procurement" by prioritising the purchase of appliances with Grade 1 energy labels; advocating for the use of online meetings as an alternative to business travel to reduce travel emissions. In the future, we will regularly evaluate and optimise relevant measures, steadily advance towards the 2050 carbon neutrality goal, ensuring the effective implementation of emission reduction commitments. For more details on qualitative climate targets, please refer to the section headed "Environmental Qualitative Objectives".

Through the combination of quantitative and qualitative targets, we are committed to translating climate action into measurable business outcomes, continuously enhancing climate resilience and sustainable development capabilities.

CARING FOR SOCIETY AND STRIVING TO FULFIL SOCIAL RESPONSIBILITY

Over the years, while promoting our development, we have always integrated social responsibility into our business strategy, contributing to the sustainable development of society.



The Tree Planting Activity under the Forest Restoration Scheme

In 2025, the Recreation Committee of the Group organised the Tree Planting Activity under the Forest Restoration Scheme at Kadoorie Farm. Building on the positive feedback from 2024, activities included returning to last year's planting area for weeding, maintenance, and replacing tree guards, as well as expanding to surrounding hillsides to plant various rare native tree species, promoting the healthy maturation of the forest. This activity supported its labour-intensive restoration work, led by the farm's Education Officer and international arborists. Tree shelters were used to enhance survival rates, and last year's greening results were reviewed. Such activity diversified employees' lives, strengthened their sense of cohesion, promoted the concept of green development, and demonstrated the company's commitment to corporate social responsibility.

APPENDIX: SEHK CODE CONTENT INDEX

Mandatory disclosure rules		
	Description	Relevant Chapters/ Remarks
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainable Development Governance
Reporting Principles	A description of, or an explanation on, the application of the reporting principles of materiality, quantitative, and consistency in the preparation of the ESG report: Materiality: The ESG report shall disclose: (i) the process to identify and the criteria for the selection of material ESG factors; and (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable). Consistency: The issuer should disclose in the ESG report any changes (if any) to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Basis of Preparation
Reporting scope	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Scope of Report

Corporate Social Responsibility Report

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
A.Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	The contents relating to "discharges into water and land" are not applicable to our principal businesses. The others were disclosed in the chapters headed "Climate Change Practices", "Green Office Measures and Environmental Protection" and "Waste Disposal and Recycling".
	A1.1	The types of emissions and respective emissions data.	Green Office Measures and Environmental Protection

"Comply or explain" provisions		
KPIs	Description	Relevant Chapters/ Remarks
A.Environmental		
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Disposal and Recycling
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Disposal and Recycling
A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Office Measures and Environmental Protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Office Measures and Environmental Protection Waste Disposal and Recycling
A2: Use of Resources	General Disclosure Policies on efficient use of resources, including energy, water, and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, and electronic equipment, etc.	Green Office Measures and Environmental Protection
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Electricity Management
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Management

Corporate Social Responsibility Report

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
A.Environmental			
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Office Measures and Environmental Protection
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Management
	A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Not applicable. Product manufacturing and packaging are not involved in our principal businesses.
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green Office Measures and Environmental Protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Office Measures and Environmental Protection

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment Management
	B1.1	Total workforce by gender, employment type, age group, and geographical region.	Employment Management
	B1.2	Employee turnover rate by gender, age group, and geographical region.	Employment Management
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
	B2.2	Lost days due to work injury.	Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety

Corporate Social Responsibility Report

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
B. Social			
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Employee Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
	B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Development
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protection of Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protection of Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	Protection of Employees' Rights and Interests The Group has eliminated all possibilities of child labour and forced labour during recruitment, so no violations will be found.

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
B. Social			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	The contents relating to "product health and safety" and "labelling" are not applicable to our principal businesses. The others were disclosed in the chapters headed "Cybersecurity and Client Privacy", "Respecting Intellectual Property Rights", and "Promotion of Fintech and Optimisation of Financial Services".

Corporate Social Responsibility Report

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
B. Social			
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to principal businesses.
	B6.2	Number of products and service related complaints received and how they are dealt with.	Client Satisfaction
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respecting Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	Not applicable to principal businesses.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Cybersecurity and Client Privacy
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operational Compliance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption, Anti-bribery, and Anti-financial crimes
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption, Anti-bribery, and Anti-financial crimes
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption, Anti-bribery, and Anti-financial crimes

"Comply or explain" provisions			
	KPIs	Description	Relevant Chapters/ Remarks
B. Social			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for Society and Striving to Fulfil Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	Caring for Society and Striving to Fulfil Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Caring for Society and Striving to Fulfil Social Responsibility

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
(I) Governance		
19	An issuer shall disclose information about: The information of governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclosure information about: (i) how the body(s) or individual(s) determines whether it currently or in the future has the appropriate skills and competencies to oversee the strategies to address climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) considers climate-related risks and opportunities in the process of overseeing the issuer's strategies, major transaction decisions and risk management procedures and related policies, including whether the body(s) or individual(s) has considered trade-offs related to such climate-related risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Climate Risks and Opportunities Management – Governance

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
(II) Strategy		
Climate-related risks and opportunities		
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Climate Risks and Opportunities Management– Strategy – Climate-related Risks and Opportunities Identification Results
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain		
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	Climate Risks and Opportunities Management– Strategy – Climate-related Risks and Opportunities Identification Results
(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Climate Risks and Opportunities Management– Strategy –Climate-related Strategy and Business Transformation, Climate Transition Plan and Goal Achievement Path, Resource Allocation Plan
(a)		
(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	This year is the first time for which the Company has disclosed its climate-related plans in accordance with paragraph 22(a) of the ESG Code, and no progress of plans for previous reporting periods is available. The Company plans to disclose the progress of plans in its 2026 annual report and subsequent reports.

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Financial position, financial performance and cash flows		
Current financial effect		
24	An issuer shall disclose qualitative and quantitative information about:	Climate Risks and Opportunities Management– Strategy – Climate-related Risks and Opportunities Identification Results
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	
(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
Anticipated financial effect		
25	The issuer shall provide qualitative and quantitative disclosures about:	Climate Risks and Opportunities Management– Strategy – Climate-related Risks and Opportunities Identification Results
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and	
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Climate resilience		
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	Climate Risks and Opportunities Management– Strategy – Climate-related Risk and Opportunity Identification Results, Scenario Analysis Framework, Climate Resilience
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	
(b)	how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
(III) Risk Management		
27	An issuer shall disclose information about:	Climate Risks and Opportunities Management– Strategy–Climate-related Risk and Opportunity Identification Results, Climate Resilience
	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
	(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
(a)	(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
	(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	
	(v) how the issuer monitors climate-related risks; and	
	(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
(IV) Metrics and Targets		
Greenhouse gas emissions		
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	Climate Risks and Opportunities Management–Metrics and Targets
(a)	Scope 1 greenhouse gas emissions;	
(b)	Scope 2 greenhouse gas emissions; and	
(c)	Scope 3 greenhouse gas emissions.	
29	An issuer shall:	
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	
(b)	disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group confirms that as of the reporting date, it is unable to provide the substantial quantitative data required by paragraphs 30 to 32 of the HKEX Code, including the amount and percentage of assets or business activities vulnerable to climate-related transition risks, physical risks, and climate-related opportunities. Meeting the above disclosure requirements would require comprehensive scenario analysis, asset classification and tagging, and Scope 3 supply chain data collection, which currently exceed the Group’s existing system capabilities and is considered an unnecessary cost or excessive effort. The Group is continuously improving its climate risk assessment framework and expects to gradually enhance its ability to disclose relevant data in future years.
Climate-related physical risks		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
Climate-related opportunities		
	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
32		
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Risks and Opportunities Management–Strategy–Resource Allocation Plan

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Internal carbon prices		
34	An issuer shall disclose:	The Group confirms that internal carbon price has not been applied in its decision-making processes. At this stage, no internal carbon price mechanism is used for investment decisions, transfer pricing, or scenario analysis, nor are there any plans to assess or introduce carbon price mechanisms. Implementing these mechanisms would require establishing a data foundation and system support for greenhouse gas costs, which is not currently a priority in the Group’s risk management.
(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	
	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	
(b)		
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate Risks and Opportunities Management–Governance
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	/

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Climate Risks and Opportunities Management– Metrics and Targets –Climate-related Targets and Emission Reduction Commitments
(a)	the metric used to set the target;	Note: The year 2025 marked the first year of implementation of the Group's climate targets, which have not been subject to any revision to date. The Group will continue to monitor its performance against the targets and will provide trend analysis on progress towards target achievement in future reporting periods. The Group's climate targets were not derived using sector-based decarbonisation approaches, nor have the targets or the methodology underpinning their development been subject to third-party assurance. Furthermore, the Group has neither considered nor plans to utilise carbon credits to offset its greenhouse gas emissions at this stage. Relevant performance data for the current year are set out on page 127 of this report.
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	
(d)	the period over which the target applies;	
(e)	the base period from which progress is measured;	
(f)	milestones or interim targets (if any);	
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	
	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
(h)		

Corporate Social Responsibility Report

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Refer to the remarks in paragraph 37.
(a)	whether the target and the methodology for setting the target has been validated by a third party;	
(b)	the issuer's processes for reviewing the target;	
(c)	the metrics used to monitor progress towards reaching the target; and	
(d)	any revisions to the target and an explanation for those revisions.	
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
(a)	which greenhouse gases are covered by the target;	
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d)	whether the target was derived using a sectoral decarbonisation approach; and	

General Disclosure and KPIs	Description	Relevant Chapters/Remarks
Part D: Climate-related Disclosures		
Climate-related Disclosures		
	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (e) (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Refer to the remarks in paragraph 37.
Applicability of cross-industry metrics and industry-based metrics		
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate Risks and Opportunities Management – Strategy, Metrics and Targets

Awards



The 2nd Hong Kong
Harbour International
Excellence Awards-
Underwriting Institution
of the Year

Hong Kong Harbour
International



The 2nd Hong Kong
Harbour International
Excellence Awards-Green &
Sustainable Bond Deal
of the Year

Hong Kong Harbour
International



Gelonghui Golden
Award•ESG Information
Disclosure Excellence Award

Gelonghui



2025 China Fund News
Yinghua Award-Top 50
Comprehensive Strength
Demonstration Institutions

China Fund

Independent Auditor's Report



To the members of
BOCOM International Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of BOCOM International Holdings Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 162 to 315, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

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

Impairment assessment of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments)

Refer to notes 2.10.4, 3(b), 23, 26 and 39.1(b) to the consolidated financial statements.

The Key Audit Matter

As at 31 December 2025, loans and advances amounted to HK\$46 million, margin loans to customers amounted to HK\$383 million and financial assets at fair value through other comprehensive income (debt investments) amounted to HK\$5,518 million which collectively, represented 40% of the Group's total assets. As at 31 December 2025, the impairment allowance on loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) amounted to HK\$435 million, HK\$16 million and HK\$213 million, respectively.

The Group assesses the impairment allowance on loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) by applying a three-stage expected credit loss ("ECL") model in accordance with HKFRS 9, *Financial Instruments*.

How the matter was addressed in our audit

Our audit procedures to the impairment assessment of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the credit risk management of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) and the impairment assessment.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (continued)

Impairment assessment of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) (continued)

Refer to notes 2.10.4, 3(b), 23, 26 and 39.1(b) to the consolidated financial statements.

The Key Audit Matter

Loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) are classified as stage one when their credit risk has not increased significantly since their initial recognition; otherwise they are classified as stage two or stage three. Stage three applies when a financial asset is credit-impaired. The loss allowance for stage one financial assets is measured at an amount equal to a 12-month ECL. The loss allowance for stage two and stage three financial assets is measured at an amount equal to a lifetime ECL.

Management assesses the ECL allowance using a statistical modelling approach. The determination of the ECL allowance is subject to a number of key parameters and assumptions, including the stage classification of credit assets, estimates of probability of default, loss given default, exposures at default, forward-looking information taking into account of its impact on the Group's exposures to specific industries due to the increased market volatility and continued defaults from Mainland property sector. Significant judgement is involved in the selection of the parameters and the application of the assumptions.

How the matter was addressed in our audit

- involving KPMG risk and modelling specialists in assessing the Group's ECL model, including assessing the appropriateness of the methodologies applied with reference to the prevailing accounting standards, and considering the possibility of management bias in the determination of key assumptions and parameters adopted.
- evaluating the reasonableness and appropriateness of the ECL model by assessing the critical assumptions, inputs and parameters used in the model that has been reviewed by our internal risk and modelling specialists.
- evaluating the reasonableness of significant assumptions and key parameters used by management to develop ECL estimates by comparing to market information where available, including the appropriateness of the stage classification, the determination of probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (continued)

Impairment assessment of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) (continued)

Refer to notes 2.10.4, 3(b), 23, 26 and 39.1(b) to the consolidated financial statements.

The Key Audit Matter

In particular, the determination of the probability of default is heavily dependent on the external macro-economic environment; effectiveness of the stimulus measures released by the PRC and Hong Kong government and the Group's internal credit risk management strategy. The probability of default is derived from estimates including the historical losses, historical overdue data and other adjustment factors.

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrowers or investees, the recoverable amount of collaterals, the seniority of the claims and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collaterals have an impact on the recoverable amounts and therefore the amount of impairment allowances as at the end of the reporting period.

We identified the impairment assessment of loans and advances, margin loans to customers and financial assets at fair value through other comprehensive income (debt investments) as a key audit matter due to its significance to the consolidated financial statements and the inherent uncertainty and involvement of significant management judgement.

How the matter was addressed in our audit

- assessing the existence of collaterals on a sample basis by obtaining independent confirmations or statements from brokers or clearing houses, or checking underlying documents such as land registry, ownership certificates.
- assessing the reasonableness of the valuation of collaterals held on a sample basis of loans and advances and margin loans to customers with reference to publicly available market prices or other available sources.
- evaluating the reasonableness of the disclosures on impairment allowance with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (continued)

Assessment of fair value of financial instruments categorized as level 3 fair value measurement

Refer to notes 3(a), 22 and 39.3 to the consolidated financial statements.

The Key Audit Matter

As at 31 December 2025, the financial instruments classified as level 3 fair value measurement mainly comprise unlisted funds, unlisted equities and preference shares. The financial instruments classified as level 3 fair value measurement included in financial assets at fair value through profit or loss amounted to HK\$2,973 million, representing 20% of the Group's total assets.

Management engaged external valuation specialists to assist with the valuations of the Group's financial instruments. The valuation of financial instruments classified as level 3 fair value measurement was based on a combination of market data and valuation models which often require judgement.

Some of the inputs used in the valuation models are obtained from readily available data in active markets. Where observable data is not readily available, significant management judgement and estimates were made in the valuation process.

How the matter was addressed in our audit

Our audit procedures in relation to the valuation assessment of level 3 financial instruments included:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation of level 3 financial instruments.
- reading investment agreements on a sample basis of level 3 financial instruments to understand the relevant investments terms and identify any conditions that were relevant to the valuation of these financial instruments.
- involving KPMG valuation specialists in evaluating the valuation of level 3 financial instruments on a sample basis. This included evaluating whether the valuation models used by the Group is appropriate with reference to the requirements of the prevailing accounting standards, assessing whether the assumptions are appropriate by comparing with publicly available market data, testing inputs to the fair value calculation and establishing our own valuation models to compare the result with the valuation adopted by the Group.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (continued)

Assessment of fair value of financial instruments categorized as level 3 fair value measurement (continued)

Refer to notes 3(a), 22 and 39.3 to the consolidated financial statements.

The Key Audit Matter

During the Year, the increased market volatility continued to result in high estimation uncertainty in management's assessment of the valuation of the level 3 financial instruments.

We identified valuation of level 3 financial instruments as a key audit matter because of the significant balance of level 3 financial instruments on the consolidated financial statements and the significant management judgement involved in determining the input used in the valuation models.

How the matter was addressed in our audit

- comparing the fair values of level 3 investment funds where the valuation is referenced to the funds' net asset value with the net asset value reports provided by fund administrators. We obtained, on a sample basis, the most recent audited financial statements of the funds to evaluate the historical accuracy of the net asset value reports.
- evaluating the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report (Continued)

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report (Continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yiu Tsz Yeung Arion (practising certificate number: P06098).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

25 March 2026

Consolidated Income Statement

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue			
Commission and fee income	5	263,224	179,446
Interest income	5	295,352	318,570
Proprietary trading income	5	184,618	(463,490)
		<u>743,194</u>	<u>34,526</u>
Other income	5	328,230	352,988
Revenue and other income		<u>1,071,424</u>	<u>387,514</u>
Commission and brokerage expenses	6	(31,931)	(24,627)
Finance costs	7	(424,485)	(552,387)
Staff costs	8	(408,849)	(410,853)
Depreciation		(105,431)	(121,552)
Other operating expenses	10	(235,179)	(207,660)
Change in impairment allowance	11	(140,354)	(305,674)
Total expenses		<u>(1,346,229)</u>	<u>(1,622,753)</u>
Operating loss		(274,805)	(1,235,239)
Share of results of associates	19	5,266	3,593
Share of results of joint ventures	20	4,875	(1,722)
Loss before taxation		<u>(264,664)</u>	<u>(1,233,368)</u>
Income tax	12	(1,139)	2,012
Loss for the year attributable to shareholders of the Company		<u><u>(265,803)</u></u>	<u><u>(1,231,356)</u></u>
Loss per share attributable to shareholders of the Company for the year – Basic/Diluted (in HKD per share)	13	<u><u>(0.10)</u></u>	<u><u>(0.45)</u></u>

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(265,803)	(1,231,356)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of debt investments at fair value through other comprehensive income	155,265	355,599
Amounts reclassified to profit or loss upon disposal of debt investments at fair value through other comprehensive income	26,070	68,775
	181,335	424,374
Exchange differences on translation of foreign operations	139,449	(102,178)
	320,784	322,196
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in fair value of equity investments at fair value through other comprehensive income	547	(4,732)
Other comprehensive income, net of tax	321,331	317,464
Total comprehensive income attributable to shareholders of the Company	55,528	(913,892)

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	31/12/2025 HK\$'000	31/12/2024 HK\$'000
Assets			
Non-current Assets			
Property and equipment	15	44,023	57,820
Right-of-use assets	16	64,548	145,071
Intangible assets	17	39,294	27,102
Interest in associates	19	177,149	165,071
Interest in joint ventures	20	872,004	835,766
Other assets	21	35,088	31,373
Financial assets at fair value through other comprehensive income	22	2,876,690	3,119,392
Loans and advances	23	26,322	11,568
Deferred tax assets	32	4,600	1,494
Total non-current assets		4,139,718	4,394,657
Current Assets			
Loans and advances	23	19,442	663,421
Tax recoverable		–	163
Accounts receivable	24	545,842	911,991
Other receivables and prepayments	25	247,917	302,697
Margin loans to customers	26	383,152	833,242
Amount due from the ultimate holding company	27	101,892	109,906
Amount due from a fellow subsidiary	27	4,327	5
Amounts due from related parties	27	447	269
Financial assets at fair value through other comprehensive income	22	2,641,511	2,076,117
Financial assets at fair value through profit or loss	22	4,878,596	3,644,740
Derivative financial assets	22	274	24
Cash and bank balances	28	2,025,046	1,577,935
Total current assets		10,848,446	10,120,510
Total assets		14,988,164	14,515,167
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	33	3,942,216	3,942,216
Accumulated losses		(2,831,455)	(2,557,830)
Revaluation reserve		(22,205)	(211,909)
Foreign currency translation reserve		(150,280)	(289,729)
Total equity		938,276	882,748

Consolidated Statement of Financial Position (Continued)

At 31 December 2025

	Notes	31/12/2025 HK\$'000	31/12/2024 HK\$'000
Liabilities			
Non-current Liabilities			
Subordinated loans from the ultimate holding company	34	1,000,000	1,000,000
Obligation under repurchase agreements	34	1,469,878	1,909,512
Lease liabilities	16	20,728	68,019
Financial liabilities at fair value through profit or loss	22	326,171	354,478
Deferred tax liabilities	32	4,082	5,604
Debt securities issued	35	–	3,868,715
Total non-current liabilities		2,820,859	7,206,328
Current Liabilities			
Borrowings	34	4,960,109	3,374,566
Obligation under repurchase agreements	34	1,228,736	1,496,205
Tax payable		4,158	3,947
Provision for staff costs		163,718	147,544
Other payables and accrued expenses	29	409,327	191,468
Accounts payable	30	206,792	858,721
Contract liabilities	31	17,262	12,816
Lease liabilities	16	46,282	79,748
Financial liabilities at fair value through profit or loss	22	307,421	256,291
Derivative financial liabilities	22	4,262	4,785
Debt securities issued	35	3,880,962	–
Total current liabilities		11,229,029	6,426,091
Total liabilities		14,049,888	13,632,419
Total equity and liabilities		14,988,164	14,515,167
Net current (liabilities)/assets		(380,583)	3,694,419
Total assets less current liabilities		3,759,135	8,089,076

The consolidated financial statements on pages 162 to 315 were approved and authorised for issue by the Board of Directors on 25 March 2026 and signed on its behalf by:

Xiao Ting,
Chairman & Non-executive Director

Xie Jie,
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	
At 1 January 2025	<u>3,942,216</u>	<u>(2,557,830)</u>	<u>(211,909)</u>	<u>(289,729)</u>	<u>882,748</u>
Loss for the year	–	(265,803)	–	–	(265,803)
Other comprehensive income for the year	<u>–</u>	<u>(7,822) *</u>	<u>189,704</u>	<u>139,449</u>	<u>321,331</u>
Total comprehensive income for the year	<u>–</u>	<u>(273,625)</u>	<u>189,704</u>	<u>139,449</u>	<u>55,528</u>
At 31 December 2025	<u>3,942,216</u>	<u>(2,831,455)</u>	<u>(22,205)</u>	<u>(150,280)</u>	<u>938,276</u>
At 1 January 2024	<u>3,942,216</u>	<u>(1,339,017)</u>	<u>(619,008)</u>	<u>(187,551)</u>	<u>1,796,640</u>
Loss for the year	–	(1,231,356)	–	–	(1,231,356)
Other comprehensive income for the year	<u>–</u>	<u>12,543 *</u>	<u>407,099</u>	<u>(102,178)</u>	<u>317,464</u>
Total comprehensive income for the year	<u>–</u>	<u>(1,218,813)</u>	<u>407,099</u>	<u>(102,178)</u>	<u>(913,892)</u>
At 31 December 2024	<u>3,942,216</u>	<u>(2,557,830)</u>	<u>(211,909)</u>	<u>(289,729)</u>	<u>882,748</u>

* Amounts reclassified to retained earnings upon disposal of equity investments at fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Operating activities			
Loss before taxation		(264,664)	(1,233,368)
Adjustments for:			
Dividend income		(43,441)	(43,245)
Interest income from loans or clients		(69,834)	(126,487)
Interest income from financial assets at fair value through other comprehensive income		(225,518)	(192,083)
Bank and other interest income		(87,432)	(98,857)
Loss on disposal of property and equipment		106	3
Finance costs		424,485	552,387
Depreciation		105,431	121,552
Change in impairment allowance		141,770	312,118
Unrealised (gain)/loss on financial assets and liabilities at fair value through profit or loss		(122,128)	341,717
Unrealised loss/(gain) on derivative financial assets and liabilities		177	(11,587)
Realised loss on debt investments at fair value through other comprehensive income		26,070	68,775
Foreign exchange loss/(gain)		42,449	(37,016)
Share of results of associates		(5,266)	(3,593)
Share of results of joint ventures		(4,875)	1,722
Operating cash flows before movements in working capital		(82,670)	(347,962)
Increase in other assets		(3,715)	(9,358)
(Increase)/decrease in financial assets at fair value through profit or loss		(1,126,665)	1,729,163
Increase/(decrease) in financial liabilities at fair value through profit or loss		29,944	(650,686)
(Increase)/decrease in derivative financial assets		(250)	154
(Decrease)/increase in derivative financial liabilities		(700)	9,968
Decrease/(increase) in accounts receivable		365,808	(438,808)
Decrease in margin loans to customers		450,880	330,398
Decrease in loans and advances		510,468	221,371
Decrease/(increase) in amount due from the ultimate holding company		8,014	(31,032)
Increase in amounts due from related parties		(178)	(84)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Increase in amount due from a fellow subsidiary		(4,322)	(3)
Decrease in other receivables and prepayments		82,159	72,223
(Decrease)/increase in accounts payable		(651,929)	542,829
Increase in provision for staff costs		16,174	29,097
Increase/(decrease) in other payables and accrued expenses		220,096	(76,919)
Increase/(decrease) in contract liabilities		4,446	(15,584)
Net cash (used in)/generated from operations		(182,440)	1,364,767
Income tax paid		(5,311)	(6,601)
Interest received from loans or clients		83,457	102,695
Bank and other interest income received		74,594	98,785
Interest expenses paid		(353,470)	(523,193)
Net cash (used in)/generated from operating activities		(383,170)	1,036,453
Investing activities			
Dividend received		43,441	43,245
Bond interest income received		191,040	283,112
Purchase of property and equipment		(11,733)	(13,428)
Proceeds on disposal of property and equipment		91	20
Purchase of intangible assets		(14,420)	(17,030)
Distribution from associates		1,335	7,460
Capital injection to joint ventures		–	(222,560)
Distribution from joint ventures		3,123	2,105
Purchase of financial assets at fair value through other comprehensive income		(2,741,388)	(74,243)
Proceeds on disposal of financial assets at fair value through other comprehensive income		2,583,302	1,884,360
Increase in time deposit with original maturity of more than three months		(109,643)	(417,806)
Net cash (used in)/generated from investing activities		(54,852)	1,475,235

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Financing activities			
Net drawdown/(repayment) of bank loans and other borrowings	43	815,398	(2,391,644)
Cash payments for interest on debt securities issued	43	(68,158)	(68,075)
Capital element of lease rentals paid	43	(73,743)	(83,662)
Interest element of lease rentals paid	43	(3,503)	(3,813)
Net cash generated from/(used in) financing activities		669,994	(2,547,194)
Net increase/(decrease) in cash and cash equivalents		231,972	(35,506)
Cash and cash equivalents at 1 January		1,158,410	1,297,719
Effect of exchange rate changes on cash and cash equivalents		105,496	(103,803)
Cash and cash equivalents at 31 December	28	1,495,878	1,158,410

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

BOCOM International Holdings Company Limited (the “Company”) is a company incorporated in Hong Kong. The address of its registered office is 9/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in securities brokerage, margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. The regulated activities carried out by the Company’s licensed subsidiaries include dealing in securities and futures and advising on securities and futures contracts, providing securities margin financing, advising on corporate finance and providing asset management services.

The parent and ultimate holding company is Bank of Communications Co., Ltd., a company incorporated in the People’s Republic of China (“PRC”) and listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company, unless otherwise stated.

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of BOCOM International Holdings Company Limited have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”), and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (“FVPL”), which are carried at fair value.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policies and disclosures

(a) *Amended HKFRS Accounting Standards adopted by the Group*

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

Amendments to HKFRS Accounting Standards effective for the financial year ended 31 December 2025 do not have a material impact on the Group.

(b) *New standards, amendments and interpretations not yet adopted by the Group*

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the non-controlling interests' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the income statement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Revenue recognition

Revenue from the brokerage commission is recognised on execution of purchases, sales or other transactions or services by the Group on behalf of its clients at an agreed rate. Such commission was charged directly from the transaction proceed.

Depending on the performance obligation and transaction prices of the contracts, revenue from corporate finance is recognised over time using the output method that depicts the Group's performance, or at a point in time when the advisory service is completed.

Revenue from underwriting is recognised when the Group has fulfilled its performance obligations on execution of each significant action based on the terms of underlying agreements and mandates.

Revenue from asset management and advisory services is calculated based on the value of assets under management and performance-based fees. It is recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a monthly or annually basis based on the terms stated in the contract.

Handling fee is recognised when the brokerage handling services have been rendered.

Revenue from transactions or events that does not arise from a contract with a customer is not within the scope of HKFRS 15 and, therefore, those transactions or events will continue to be recognised as described below:

Dividend income is recognised when the right to receive payment is established.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset at amortised cost or at fair value through other comprehensive income except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains/losses on financial assets are recognised on the transaction dates when the relevant contract notes are exchanged. Unrealised fair value changes are recognised in the period in which they arise.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars ("HK\$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within "other income" and "other operating expenses" respectively.

Changes in the fair value of debt securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

(d) Disposal of foreign operation and partial disposal (continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.8 Borrowing costs

All borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Taxation (continued)

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Taxation (continued)

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Financial instruments

2.10.1 *Classification*

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets designated upon initial recognition as at FVPL are designated at the date of initial recognition only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial assets or recognising the gains and losses on different bases.

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

Financial liabilities at fair value through profit or loss are financial liabilities held for trading and financial liabilities designated at fair value through profit or loss at inception.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.1 Classification (continued)

A financial liability is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (ii) part of a portfolio of identical financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or (iii) a derivative (except for a derivative that is designated and effective hedging instrument or a financial guarantee).

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the following criteria are satisfied.

- the designated eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial liabilities or recognising the gains and losses on different bases;
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to key management personnel;
- hybrid instruments containing one or more embedded derivatives, unless the embedded derivative(s) does not significantly modify the cash flows or it is clear with little or no analysis that the embedded derivative(s) would not be separately recorded;
- hybrid instruments containing embedded derivatives which need to be separated but cannot be separately measured on acquisition date or subsequent reporting date.

The Group classifies its financial liabilities in the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.2 Recognition and derecognition

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

2.10.3 Measurement

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

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in a separate line item. Impairment losses are presented as separate line item in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.3 Measurement (continued)

Debt instruments (continued)

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "proprietary trading income". Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment (including interest income) that is subsequently measured at FVPL is recognised in profit or loss and presented net within "proprietary trading income" in the period in which it arises.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in "proprietary trading income" in the consolidated income statement as applicable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.3 Measurement (continued)

Financial liabilities

Financial liabilities at fair value through profit or loss are initially recognised and subsequently measured at fair value on the statement of financial position. The related transaction costs incurred at the time of incurrence are expensed in profit or loss. Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are recognised in profit or loss through "proprietary trading income".

Other financial liabilities

Other financial liabilities are initially recognised at fair value less transaction costs, and are subsequently measured at amortised cost using the effective interest method.

2.10.4 Impairment of financial assets

The Group assesses the expected credit losses ("ECL") associated with its financial assets on a forward-looking basis.

The Group has incorporated forward-looking macroeconomic information with the use of multiple probability-weighted scenarios through the use of market forecast with experienced credit judgement to reflect the quantitative and qualitative factors.

The Group has eight types of financial assets that are subject to the ECL model:

- Loans and advances
- Financial assets at FVOCI – debt investments
- Margin loans to customers
- Accounts receivable
- Other receivables
- Amounts due from the ultimate holding company, a fellow subsidiary and related parties
- Cash and bank balances, and
- Other assets

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.4 Impairment of financial assets (continued)

The Group establishes ECL model by using a statistical approach for material portfolios. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate ("EIR") and forward-looking information.

Margin loans to customers

Statistical approach and average default rate are adopted in determining the ECL, and the margin loans have been grouped based on the shortfall of loan balances over the respective collateral amounts and the days past due. The underlying collateral of margin finance is mostly HKEX listed shares and bonds and the Group monitors the underlying collateral ongoingly.

Accounts receivable

To measure the ECL of accounts receivable of corporate finance and underwriting business and accounts receivable arising from the Group's dealing in securities and future business, simplified approach under HKFRS 9 is applied to calculate a lifetime expected loss allowance.

Other receivables and amounts due from the ultimate holding company, a fellow subsidiary and related parties

To measure the ECL, other receivables and amounts due from the ultimate holding company, a fellow subsidiary and related parties have been grouped based on shared credit risk characteristics and the days past due.

Financial assets at FVOCI – debt investments

For financial assets at FVOCI – debt investments, the Group measures the loss allowance at an amount equal to the next 12 months ECL if the credit risk of financial assets at FVOCI – debt investments has not increased significantly since initial recognition. In the event of a significant increase in credit risk, the Group recognises lifetime expected losses based on the significant increase in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial instruments (continued)

2.10.4 Impairment of financial assets (continued)

Loans and advances

Loans and advances are carried at amortised costs. The Group assesses the ECL by using "three-stage" ECL model.

Loan commitments provided by the Group are measured as at the amount of ECL allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument. The impairment allowance is recognised as a provision.

Cash and bank balances and other assets

Cash and cash balances and other assets are subject to the impairment requirements of HKFRS 9. The Group assesses the ECL by using "three-stage" ECL model.

2.11 Offsetting financial instruments

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

2.12 Margin loans to customers

Margin financing refers to the lending of loans by the Group to customers for purchase of securities, for which the customers provide the Group with collateral. The Group recognises margin loans as loans and receivables, and recognises interest income using effective interest rate method.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

In the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and cash at banks, including term deposits, which are not restricted as to use.

2.14 Share capital

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

2.15 Employee benefits

The Group operates defined contribution pension plans.

(a) *Pension obligations*

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution pension plans are expensed as the employees have rendered their services entitling them to the contributions and are reduced by contributions forfeited, if applicable, by those employees who leave the plans prior to vesting fully in the contributions.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

(c) Long service payment (“LSP”)

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The Group’s LSP obligation is the estimated amount of future benefit that is determined after deducting the accrued benefits derived from the Group’s vested Mandatory Provident Fund (“MPF”) contributions, which are deemed to be contributions from the relevant employees (negative service cost).

2.16 Property and equipment

Property and equipment comprise leasehold improvements, furniture and fixtures, motor vehicles and office equipment stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Leasehold improvements	3 – 5 years
Furniture and fixtures	3 – 5 years
Motor vehicles	3 – 5 years
Office equipment	3 – 5 years

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

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.18).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other income” and “other operating expenses” in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Intangible assets

Trading rights

Trading right represents the Group's right to trade on or through The Stock Exchange of Hong Kong Limited ("SEHK"), and throttle rate for trading order to be transmitted to the Automated Matching System of the SEHK, with indefinite useful life as considered by management.

Software

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item shall be measured reliably, and measured initially at cost.

Development costs that can be capitalised only an entity can demonstrate all of the following:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Costs that do not meet above conditions shall be recognised to the consolidated income statement during the financial period when incurred.

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Amortisation on software development is calculated using the straight-line method over its estimated useful lives of 10 years.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.18 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.21 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Obligation under repurchase agreements

The obligation under repurchase agreements arises when the securities are sold by the Group with a concurrent agreement to repurchase at a specified later date and price. The repurchase agreements entered into by the Group are functionally equivalent to collateralised borrowing which involves pledging of corresponding debt securities with an agreement to repay the borrowed sum together with agreed upon interest at an agreed upon date. These securities are not required to be derecognised in the consolidated statement of financial position. The consideration received by the Group is recognised as "Obligation under repurchase agreements" in the consolidated statement of financial position. The Group may be required to provide additional collateral based on the fair value of the underlying assets if necessary.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.23 Leases

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.23 Leases (continued)

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. It has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.24 Related parties

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICIES (continued)

2.24 Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in 2.24(a).
 - (vii) A person identified in 2.24(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has ensured that the valuation technique and the underlying inputs reasonably reflected the current market conditions at the reporting date.

(b) Impairment allowances of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rate. The Group exercises its judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward-looking estimations at the end of each reporting period.

(c) Consolidation assessment of structured entities

Where the Group acts as asset manager of structured entities, the Group makes judgement on whether it is the principal or an agent to determine whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services and the Group's exposure to variability of returns from other interests that it holds in the structured entities. The Group performs re-assessment periodically based on whether it has control if facts and circumstances indicate that there are changes to one or more of the elements of controls.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. SEGMENT INFORMATION

The Group manages the business operations by the following segments in accordance with the nature of the operations and services provided:

- (a) Brokerage segment provides securities trading and brokerage services;
- (b) Corporate finance and underwriting segment provides corporate finance services including equity underwriting, debt underwriting, sponsor services and financial advisory services to institutional clients;
- (c) Asset management and advisory segment offers traditional asset management products and services to third party clients. In addition, it also offers investment advisory services, portfolio management services and transaction execution services;
- (d) Margin financing segment provides securities-backed financial leverage for both retail and institutional clients;
- (e) Investment and loans segment engages in direct investment business including investments in various debt and equity securities, investments in companies and investments in loans; and
- (f) Others include headquarter operations such as bank interest income, and interest expense incurred for general working capital purposes and financial technology business.

Inter-segment transactions, if any, are conducted with reference to the prices charged to external third parties. There was no change in basis during the year ended 31 December 2025.

There was no client contributing over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. SEGMENT INFORMATION (continued)

The following is an analysis of the segment revenue and segment profit or loss:

	Year ended 31 December 2025							Total HK\$'000
	Brokerage HK\$'000	Corporate finance and underwriting HK\$'000	Asset management and advisory HK\$'000	Margin financing HK\$'000	Investment and loans HK\$'000	Others HK\$'000	Elimination HK\$'000	
Total revenue								
Revenue								
Commission and fee income								
• External	172,408	49,216	41,600	-	-	-	-	263,224
• Internal	-	-	13,718	-	-	-	(13,718)	-
Interest income								
• External	-	-	-	44,555	250,797	-	-	295,352
• Internal	-	-	-	-	184,741	-	(184,741)	-
Proprietary trading income								
• External	-	-	23,499	-	161,119	-	-	184,618
• Internal	-	-	-	-	-	-	-	-
Other income	13,653	-	7	-	13,450	301,120	-	328,230
	<u>186,061</u>	<u>49,216</u>	<u>78,824</u>	<u>44,555</u>	<u>610,107</u>	<u>301,120</u>	<u>(198,459)</u>	<u>1,071,424</u>
Total expenses	(167,738)	(76,109)	(63,289)	(20,030)	(998,799)	(218,723)	198,459	(1,346,229)
Share of results of associates	-	-	-	-	5,266	-	-	5,266
Share of results of joint ventures	-	-	-	-	4,875	-	-	4,875
Profit/(loss) before taxation	<u>18,323</u>	<u>(26,893)</u>	<u>15,535</u>	<u>24,525</u>	<u>(378,551)</u>	<u>82,397</u>	<u>-</u>	<u>(264,664)</u>
Other disclosures								
Depreciation	(18,923)	(4,723)	(12,540)	(6,172)	(21,455)	(41,618)	-	(105,431)
Change in impairment allowance	9	(350)	-	790	(140,803)	-	-	(140,354)
Finance costs	(1,293)	(223)	(238)	(134)	(606,991)	(347)	184,741	(424,485)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. SEGMENT INFORMATION (continued)

	Year ended 31 December 2024							Total HK\$'000
	Brokerage HK\$'000	Corporate finance and underwriting HK\$'000	Asset management and advisory HK\$'000	Margin financing HK\$'000	Investment and loans HK\$'000	Others HK\$'000	Elimination HK\$'000	
Total revenue								
Revenue								
Commission and fee income								
• External	91,155	51,478	36,813	-	-	-	-	179,446
• Internal	92	-	25,012	-	-	-	(25,104)	-
Interest income								
• External	-	-	-	60,106	258,464	-	-	318,570
• Internal	-	-	-	-	35,041	-	(35,041)	-
Proprietary trading income								
• External	-	-	10,000	-	(473,490)	-	-	(463,490)
• Internal	-	-	-	-	-	-	-	-
Other income	10,707	-	85	-	14,887	327,309	-	352,988
	<u>101,954</u>	<u>51,478</u>	<u>71,910</u>	<u>60,106</u>	<u>(165,098)</u>	<u>327,309</u>	<u>(60,145)</u>	<u>387,514</u>
Total expenses	(153,643)	(82,436)	(98,782)	(128,375)	(1,019,225)	(200,437)	60,145	(1,622,753)
Share of results of associates	-	-	-	-	3,593	-	-	3,593
Share of results of joint ventures	-	-	-	-	(1,722)	-	-	(1,722)
(Loss)/profit before taxation	<u>(51,689)</u>	<u>(30,958)</u>	<u>(26,872)</u>	<u>(68,269)</u>	<u>(1,182,452)</u>	<u>126,872</u>	<u>-</u>	<u>(1,233,368)</u>
Other disclosures								
Depreciation	(24,345)	(5,814)	(16,962)	(7,852)	(21,278)	(45,301)	-	(121,552)
Change in impairment allowance	(3)	(2,748)	-	(42,802)	(260,121)	-	-	(305,674)
Finance costs	<u>(1,373)</u>	<u>(300)</u>	<u>(299)</u>	<u>(59,652)</u>	<u>(525,235)</u>	<u>(569)</u>	<u>35,041</u>	<u>(552,387)</u>

The geographical information of revenue is disclosed as follows:

	2025 HK\$'000	2024 HK\$'000
Total revenue from external customers by location of operations		
– Hong Kong	869,631	206,166
– Chinese mainland	201,793	181,348
	<u>1,071,424</u>	<u>387,514</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND OTHER INCOME

(a) Disaggregation of revenue and other income

	2025 HK\$'000	2024 HK\$'000
REVENUE		
COMMISSION AND FEE INCOME		
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>		
Brokerage commission	172,408	91,155
Corporate finance and underwriting fee	49,216	51,478
Asset management and advisory fee	41,600	36,813
	263,224	179,446
INTEREST INCOME		
<i>Interest income calculated using the effective interest method</i>		
Interest income from margin financing	44,555	60,106
Interest income from loans and advances	25,279	66,381
Interest income from financial assets at fair value through other comprehensive income	225,518	192,083
	295,352	318,570
PROPRIETARY TRADING INCOME		
<i>Interest income calculated using the effective interest method</i>		
Net trading and investment income		
– Interest income from financial assets at fair value through profit or loss	7,816	18,508
<i>Revenue from other sources</i>		
Net trading and investment income		
– Net gain/(loss) on financial assets at fair value through profit or loss	125,400	(502,150)
– Net loss on financial assets at fair value through other comprehensive income	(26,349)	(68,775)
– Net loss on financial liabilities at fair value through profit or loss	(4,841)	(38,346)
– Net gain on derivative financial instruments	32,030	11,340
– Fair value changes from financial liabilities to the investors of the funds consolidated	7,121	72,688
Dividend income from		
– Financial assets at fair value through profit or loss	43,441	43,245
	184,618	(463,490)
	743,194	34,526

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE AND OTHER INCOME (continued)

(a) Disaggregation of revenue and other income (continued)

	2025 HK\$'000	2024 HK\$'000
OTHER INCOME		
Handling fees	13,046	9,221
Other interest income	87,432	98,857
Exchange gain	–	37,016
Computer software development and maintenance services	144,124	187,611
Information system consultancy services	51,871	–
Digital RMB marketing service income	9,892	1,079
Others	21,865	19,204
	328,230	352,988

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At the end of the reporting period, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$17,262 thousand (31 December 2024: HK\$12,816 thousand). This amount represents revenue expected to be recognised in the future from corporate finance, asset management and advisory services business. The Group will recognise the expected revenue in future when the remaining performance obligations under the contracts are satisfied, which is expected to occur within one year.

6. COMMISSION AND BROKERAGE EXPENSES

	2025 HK\$'000	2024 HK\$'000
Commission rebate to account executives	25,670	19,645
Commission rebate to the ultimate holding company (Note 36)	5,107	3,847
Commission rebate to a fellow subsidiary (Note 36)	768	935
Others	386	200
	31,931	24,627

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on subordinated loans from the ultimate holding company (Note 36)	34,351	59,660
Interest expenses on bank loans from the ultimate holding company (Note 36)	8,521	26,424
Interest expenses on bank loans and overdraft from other financial institutions	139,339	160,712
Interest expenses on obligation under repurchase agreements	167,409	231,145
Interest expenses on lease liabilities	3,503	3,813
Interest expenses on debt securities issued:		
– payable to the ultimate holding company (Note 36)	1,369	1,365
– payable to the fellow subsidiaries (Note 36)	4,914	4,512
– payable to other financial institutions	64,997	64,736
Others	82	20
	424,485	552,387

8. STAFF COSTS

	2025 HK\$'000	2024 HK\$'000
Salaries, bonus, staff allowances	387,626	391,750
Directors' fees	1,081	1,080
Contributions to retirement benefit scheme	20,142	18,023
	408,849	410,853

During the year, no benefits were provided in respect of the termination of the service of directors and the Group did not incur any payment to third parties for making available directors' services.

The amount of forfeited contributions utilised in the course of the year ended 31 December 2025 was HK\$1,057 thousand (2024: HK\$2,344 thousand).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. STAFF COSTS (continued)

Five highest paid individuals

The five highest paid individuals of the Group include two directors (2024: nil director) for the year ended 31 December 2025.

The emoluments of the three (2024: five) highest paid individuals (excluding two directors) are as follows:

Number of individuals

	2025	2024
Individuals		
Emolument bands (HK\$)		
2,000,001 – 2,500,000	1	–
2,500,001 – 3,000,000	2	–
3,000,001 – 3,500,000	–	4
3,500,001 – 4,000,000	–	1
	<u>3</u>	<u>5</u>
Number of individuals	3	5

Details of the remuneration payable to the three individuals for the year ended 31 December 2025 and remaining five individuals for the year ended 31 December 2024, whose emoluments were the highest in the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	7,347	12,799
Contributions to retirement benefit scheme	54	78
Bonus	–	2,240
Compensation for loss of office	–	1,502
	<u>7,401</u>	<u>16,619</u>

Save as disclosed in this report, no incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals of the Group during the years ended 31 December 2025 and 2024.

Bonus for the five highest paid individuals of the Group for 2025 has not yet been finalised, which will be disclosed upon determination in due course.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. BENEFITS AND INTERESTS OF DIRECTORS

Directors' emoluments

The remuneration of all directors are set out below:

For the year ended 31 December 2025

Name	Fees HK\$'000	Salaries, housing, other allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Xiao Ting	-	-	-	-	-
Xie Jie	-	2,124	-	-	2,124
Wang Xianjia	-	1,450	-	-	1,450
Zhu Chen	-	-	-	-	-
Tan Yueheng	-	2,380	-	18	2,398
Shan Zengjian ⁽¹⁾	-	-	-	-	-
Wang Yongqing ⁽²⁾	-	-	-	-	-
Independent Non-executive Director:					
PU Yonghao ⁽³⁾	247	-	-	-	247
Tse Yung Hoi ⁽⁴⁾	114	-	-	-	114
Ma Ning	360	-	-	-	360
Lin Zhijun	360	-	-	-	360
Total	1,081	5,954	-	18	7,053

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. BENEFITS AND INTERESTS OF DIRECTORS (continued)

Directors' emoluments (continued)

For the year ended 31 December 2024

Name	Fees HK\$'000	Salaries, housing, other allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Tan Yueheng	–	2,630	–	18	2,648
Xie Jie	–	1,595	–	–	1,595
Wang Xianjia	–	1,480	–	–	1,480
Shan Zengjian	–	–	–	–	–
Zhu Chen	–	543	–	–	543
Wang Yongqing	–	–	–	–	–
Independent Non-executive Director:					
Tse Yung Hoi	360	–	–	–	360
Ma Ning	360	–	–	–	360
Lin Zhijun	360	–	–	–	360
Total	<u>1,080</u>	<u>6,248</u>	<u>–</u>	<u>18</u>	<u>7,346</u>

- (1) SHAN Zengjian was ceased as a non-executive Director with effect from 31 March 2025.
- (2) WANG Yongqing was ceased as a non-executive Director with effect from 20 January 2025.
- (3) PU Yonghao was appointed as an independent non-executive Director with effect from 24 April 2025.
- (4) TSE Yung Hoi was ceased as an independent non-executive Director with effect from 24 April 2025.

No directors waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. BENEFITS AND INTERESTS OF DIRECTORS (continued)

The emoluments bands of other senior management remuneration of the Company ranged from HK\$1,000,001 to HK\$3,000,000 during the year ended 31 December 2025 (2024: HK\$1,000,001 to HK\$3,000,000).

The total compensation package for the executive directors and senior management for the year 2025 has not yet been finalised. The final compensation will be disclosed when determined.

10. OTHER OPERATING EXPENSES

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration		
– Audit fee for the Group	5,067	6,320
– Taxation and other advisory services	–	15
Bank charges	806	971
Business development expenses	1,011	1,662
Business tax expenses	7,365	6,468
Exchange loss	42,449	–
Exchange and clearing fees	20,721	15,627
IT expenses	38,657	41,991
Legal and professional fee	16,827	21,141
Loss on disposal of property and equipment	106	3
Management fee expenses	7,144	14,504
Motor and travelling expenses	6,779	7,299
Office and maintenance expenses	46,477	47,956
Operating lease charges	3,100	3,636
Recruitment expenses	3,073	3,251
Service fee expenses	21,922	29,801
Others	13,675	7,015
	235,179	207,660

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. CHANGE IN IMPAIRMENT ALLOWANCE

	2025 HK\$'000	2024 HK\$'000
Change in impairment allowance on:		
Accounts receivable	341	2,751
Margin loans to customers	(790)	42,802
Loans and advances	118,757	144,083
Debt investments at fair value through other comprehensive income	9,787	91,108
Other receivables	13,675	31,374
	141,770	312,118
Bad debts recovery	(1,416)	(6,444)
	140,354	305,674

12. INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong Profits Tax	–	326
PRC Enterprise Income Tax	3,998	3,528
Under provision in prior years	1,757	1,617
Total current tax	5,755	5,471
Deferred tax	(4,616)	(7,483)
Income tax expense/(credit) recognised in profit or loss	1,139	(2,012)

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the years. Taxation on overseas profits has been calculated on the estimated assessable profit for the years at the rates of taxation prevailing in the countries in which the Group operates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

12. INCOME TAX (continued)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the People's Republic of China's entities is 25%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(264,664)	(1,233,368)
Tax at the income tax rate of 16.5%	(43,670)	(203,506)
Tax effect of expenses not deductible for tax purpose	8,605	68,723
Tax effect of income not taxable for tax purpose	(99,395)	(109,768)
Tax effect of tax losses not recognised	153,318	254,609
Tax effect of utilisation of tax losses previously not recognised	(11,182)	(90)
Tax effect of unrecognised deductible temporary difference	(4,616)	(7,483)
Under provision in prior years	1,757	1,617
Effect of different tax rates of subsidiaries operating in the PRC	(3,678)	(6,114)
Tax charge for the year	1,139	(2,012)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Loss attributable to shareholders of the Company (HK\$'000)	(265,803)	(1,231,356)
Weighted average number of ordinary shares in issue (in '000 shares)	<u>2,734,392</u>	<u>2,734,392</u>
Loss per share (in HKD per share)	<u>(0.10)</u>	<u>(0.45)</u>

(b) Diluted

For the years ended 31 December 2025 and 2024, there were no potential diluted ordinary shares. The diluted loss per share was the same as the basic loss per share.

14. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
No dividend was proposed after the end of the reporting period and previous financial year	<u>—</u>	<u>—</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. PROPERTY AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
Cost					
At 1 January 2024	58,231	8,033	9,663	171,843	247,770
Additions	451	–	1,907	11,070	13,428
Disposals	–	–	(1,820)	(671)	(2,491)
Exchange adjustments	(1,087)	(146)	(11)	(2,526)	(3,770)
At 31 December 2024 and 1 January 2025	57,595	7,887	9,739	179,716	254,937
Additions	2,807	73	–	8,853	11,733
Disposals	(7,685)	(2,012)	(728)	(7,650)	(18,075)
Exchange adjustments	1,496	190	10	3,579	5,275
At 31 December 2025	54,213	6,138	9,021	184,498	253,870
Accumulated depreciation					
At 1 January 2024	43,855	5,678	8,540	111,840	169,913
Charge for the year	4,830	812	626	25,484	31,752
Disposals	–	–	(1,820)	(649)	(2,469)
Exchange adjustments	(668)	(83)	(11)	(1,317)	(2,079)
At 31 December 2024 and 1 January 2025	48,017	6,407	7,335	135,358	197,117
Charge for the year	5,011	735	703	20,297	26,746
Disposals	(7,565)	(1,958)	(728)	(7,623)	(17,874)
Exchange adjustments	1,159	140	10	2,549	3,858
At 31 December 2025	46,622	5,324	7,320	150,581	209,847
Carrying values					
At 31 December 2024	9,578	1,480	2,404	44,358	57,820
At 31 December 2025	7,591	814	1,701	33,917	44,023

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. LEASES

(a) Amounts recognised in the consolidated statement of financial position:

	2025 HK\$'000	2024 HK\$'000
Right-of-use assets		
Buildings	64,548	145,020
Others	–	51
	<u>64,548</u>	<u>145,071</u>
Lease liabilities		
Non-current	20,728	68,019
Current	46,282	79,748
	<u>67,010</u>	<u>147,767</u>

Additions to the right-of-use assets during the 2025 financial year were HK\$18,759 thousand (2024: HK\$90,608 thousand).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. LEASES (continued)

(b) Amounts recognised in the consolidated income statement:

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
Buildings	75,061	87,563
Others	15	72
	75,076	87,635
Interest expenses (included in finance costs)	3,503	3,813
Expenses relating to short-term leases (included in other operating expenses)	1,199	1,115
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	–	–
	4,702	4,928

The total cash outflow for leases in 2025 was HK\$78,445 thousand (2024: HK\$88,590 thousand).

The Group leases various offices, staff quarters and car parks. Rental contracts are typically made for fixed periods of 1 year to 5 years, but may have extension and termination options. These options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Trading rights HK\$'000	Software development HK\$'000	Total HK\$'000
Cost			
At 1 January 2024	3,196	11,579	14,775
Additions	–	17,030	17,030
Exchange adjustments	–	(962)	(962)
At 31 December 2024 and 1 January 2025	3,196	27,647	30,843
Additions	–	14,420	14,420
Exchange adjustments	–	1,667	1,667
At 31 December 2025	3,196	43,734	46,930
Accumulated amortisation			
At 1 January 2024	–	1,688	1,688
Charge for the year	–	2,165	2,165
Exchange adjustments	–	(112)	(112)
At 31 December 2024 and 1 January 2025	–	3,741	3,741
Charge for the year	–	3,609	3,609
Exchange adjustments	–	286	286
At 31 December 2025	–	7,636	7,636
Carrying values			
At 31 December 2024	3,196	23,906	27,102
At 31 December 2025	3,196	36,098	39,294

The Group holds four trading rights of The Stock Exchange of Hong Kong Limited (the "SEHK") and are considered by the directors as having an indefinite useful life because the trading rights of the SEHK are expected to contribute to net cash inflows indefinitely. The intangible assets will not be amortised until their useful lives are determined to be finite. Instead, the intangible assets will be tested for impairment annually.

For the purpose of impairment testing on the intangible assets held by the Group, the recoverable amounts have been determined based on fair values less costs of disposal. For the years ended 31 December 2025 and 2024, no impairment loss for intangible assets was recognised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

18. INVESTMENT IN SUBSIDIARIES

As at 31 December 2025, the Company had direct or indirect interests in the following principal subsidiaries, which in the opinion of the directors, is material to the Group.

Name of subsidiaries	Place of incorporation, operation and kind of legal entity	Principal activities	Issued and fully paid-up capital	Equity interest held by the Group		Directly held/indirectly held
				2025	2024	
BOCOM International Securities Limited	Hong Kong, Limited Liability Company	Dealing in securities and futures	HKD1,100,000,000	100%	100%	Directly
BOCOM International (Asia) Limited	Hong Kong, Limited Liability Company	Corporate Finance	HKD100,000,000	100%	100%	Directly
BOCOM International Asset Management Limited	Hong Kong, Limited Liability Company	Asset management	HKD825,000,000	100%	100%	Directly
BOCOM International (Shanghai) Equity Investment Management Co., Ltd.* 交銀國際(上海)股權投資管理有限公司	Shanghai, Limited Liability Company	Investment management and advisory service	USD72,000,000	100%	100%	Directly
Preferred Investment Management Limited	British Virgin Islands, Limited Liability Company	Investment management	USD100	100%	100%	Directly
BOCOM International China Dynamic Fund	Hong Kong, investment fund of unit trust	Investment trading	2025: RMB40,426,262 2024: RMB34,817,317	90.37%	88.17%	Directly
Qingdao BOCOM Haikong Science and Technology Innovation Equity Investment Partnership Enterprise (Limited Partnership)* 青島交銀海控科創股權投資合夥企業(有限合夥)	Qingdao, Limited Partnership	Investment trading	2025: RMB172,190,000 2024: RMB182,000,000	50%	50%	Directly and indirectly
BOCOM International Nova Limited	Hong Kong, Limited Liability Company	Investment management	HKD1	100%	100%	Directly
Hainan BOCOM International Science and Technology Innovation Shengxing Equity Investment Partnership Enterprise (Limited Partnership)* 海南交銀國際科創盛興股權投資合夥企業(有限合夥)	Hainan, Limited Partnership	Investment trading	USD99,971,943	100%	100%	Directly and indirectly

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

18. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation, operation and kind of legal entity	Principal activities	Issued and fully paid-up capital	Equity interest held by the Group		Directly held/indirectly held
				2025	2024	
BOCOM International Blossom Limited	British Virgin Islands, Limited Liability Company	Financing	USD1	100%	100%	Directly
BOCOM International Dragon Core Growth Fund	Hong Kong, investment fund of unit trust	Investment trading	2025: HKD61,285,539 2024: HKD58,793,198	59.51%	53.58%	Directly
Hainan BOCOM Science and Technology Innovation Shengjing Private Fund Partnership Enterprise (Limited Partnership)* 海南交銀科創盛景私募基金合夥企業(有限合夥)	Hainan, Limited Partnership	Investment trading	USD292,000	100%	100%	Directly and indirectly
Hainan BOCOM Science and Technology Innovation Shengtang Private Fund Partnership Enterprise (Limited Partnership)* 海南交銀科創盛棠私募基金合夥企業(有限合夥)	Hainan, Limited Partnership	Investment trading	USD30,182,208	77.81%	77.81%	Directly and indirectly
BOCOM (Hebei Xiongan) Equity Investment Partnership Enterprise (Limited Partnership)* 交銀(河北雄安)股權投資合夥企業(有限合夥)	Xiongan, Limited Partnership	Investment trading	RMB3,000,000	100%	100%	Directly and indirectly
Nanjing Jianye BOCOM Hengxuan Equity Investment Partnership Enterprise (Limited Partnership)* 南京建鄴交銀恒暄股權投資合夥企業(有限合夥)	Nanjing, Limited Partnership	Investment trading	2025: RMB3,000 2024: –	60%	60%	Directly and indirectly
BOCOM International Balance Investment Limited	British Virgin Islands, Limited Liability Company	Investment management	USD1	100%	100%	Directly
Hainan BOCOM STI Shengrui Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* 海南交銀科創盛睿私募基金股權投資基金合夥企業(有限合夥)	Hainan, Limited Partnership	Investment trading	2025: – 2024: RMB1,177,560	–	100%	Directly and indirectly
BOCOM International STI Private Fund Management (Shanghai) Co., Ltd* 交銀國際科創私募基金管理(上海)有限公司	Shanghai, Limited Liability Company	Investment management	2025: – 2024: RMB20,000,000	–	100%	Directly

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

18. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation, operation and kind of legal entity	Principal activities	Issued and fully paid-up capital	Equity interest held by the Group		Directly held/ indirectly held
				2025	2024	
BOCOM International Private Equity Fund Management (Shenzhen) Company Limited* 交銀國際私募股權基金管理(深圳)有限公司 (formerly: BOCOM International Equity Investment Management (Shenzhen) Company Limited*交銀國際股權投資管理(深圳)有限公司)	Shenzhen, Limited Liability Company	Investment management	USD5,000,000	100%	100%	Directly
Brilliant Investment Management Limited	Cayman Islands, Limited Liability Company	Investment management	USD1	–	100%	Indirectly
Shanghai Bole Investment Company Limited* 上海博樂投資有限公司	Shanghai, Limited Liability Company	Investment trading	RMB159,000,000	100%	100%	Indirectly
BOCOM International Beyond Limited	Hong Kong, Limited Liability Company	Investment management	HKD1	100%	100%	Indirectly
BOCOM Financial Technology Company Limited* 交銀金融科技有限公司	Shanghai, Limited Liability Company	Financial technology	RMB600,000,000	100%	100%	Indirectly
BOCOM International Product and Solution Limited	British Virgin Islands, Limited Liability Company	Investment trading	USD1	100%	100%	Indirectly
BOCOM Shunjing (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)* 交銀舜晶(杭州)股權投資合夥企業(有限合夥)	Hangzhou, Limited Partnership	Investment trading	RMB121,000,000	29.71%	29.71%	Indirectly
BOCOM International Flourish Investment Limited	Hong Kong, Limited Liability Company	Investment management	HKD15,000,000	100%	100%	Indirectly
BOCOM International Splendid Investment Limited	Hong Kong, Limited Liability Company	Investment management	HKD15,000,000	100%	100%	Indirectly
Shenzhen Boqiang Investment Consulting Company Limited* 深圳博強投資諮詢有限公司	Shenzhen, Limited Liability Company	Investment trading and advisory service	2025: – 2024: RMB100,000	–	100%	Indirectly

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

18. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation, operation and kind of legal entity	Principal activities	Issued and fully paid-up capital	Equity interest held by the Group		Directly held/indirectly held
				2025	2024	
Qiniu BOCOM International No. 1 Equity Fund* 七牛—交銀國際一號私募股權投資基金	Shenzhen, Contractual Fund	Investment trading	RMB31,093,280	38.71%	38.71%	Indirectly
BOCOM International Fortune Investment Limited	British Virgin Islands, Limited Liability Company	Investment trading	USD1	100%	100%	Indirectly
BOCOM International Money Market Fund (USD)	Hong Kong, investment fund of unit trust	Investment trading	USD56,321,929	36.36%	–	Directly
Shanghai Boli Investment Company Limited* 上海博禮投資有限公司	Shanghai, Limited Liability Company	Investment trading	RMB105,000,000	100%	100%	Indirectly
Shenzhen BOCOM STI Zhengzhong Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* 深圳交銀科創正中私募股權投資基金合夥企業(有限合夥)	Shenzhen, Limited Partnership	Investment trading	RMB22,032,708	50.1%	50.1%	Indirectly
Lianyungang BOCOM Equity Investment Partnership Enterprise (Limited Partnership)* 連雲港交銀股權投資合夥企業(有限合夥)	Lianyungang, Limited Partnership	Investment trading	2025: – 2024: RMB3,500	–	100%	Indirectly
Jiaxing Hengyu Equity Investment Fund Partnership Enterprise (Limited Partnership)* 嘉興恒昱股權投資基金合夥企業(有限合夥)	Jiaxing, Limited Partnership	Investment trading	–	–	55.56%	Indirectly
BOCOM Science and Technology Innovation Equity Investment Fund (Shanghai) Partnership Enterprise (Limited Partnership)* 交銀科創股權投資基金(上海)合夥企業(有限合夥)	Shanghai, Limited Partnership	Investment trading	2025: RMB131,100,000 2024: RMB157,100,000	26.32%	26.32%	Indirectly

* The English translation of the names is for reference only. The official names of these entities are in Chinese.

All the subsidiaries have adopted 31 December as their financial year end date for statutory reporting purpose.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. INTEREST IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Unlisted investment at the beginning of the year	158,956	158,956
Profit after acquisition		
– As at 1 January	16,281	20,148
– Share of profit for the year	5,266	3,593
Distribution for the year	(1,335)	(7,460)
Accumulated exchange difference arising from translation of foreign operations	(2,019)	(10,166)
	177,149	165,071

Set out below is the associates of the Group as at 31 December 2025 which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares; the country of incorporation or registration are also its principal place of business.

Name of entity	Place of incorporation, operation and kind of legal entity	Principal activities	Measurement method	Issued and fully paid-up capital	2025	2024	Directly held/ Indirectly held
Cross-border Interbank Payment System Co., Ltd.* 跨境銀行間支付清算有限責任公司	Shanghai, Limited Liability Company	Clearing	Equity	RMB2,380,000,000	3.14%	3.14%	Indirectly
Jiaxing Henghao Equity Investment Fund Partnership Enterprise (Limited Partnership)* 嘉興恒昊股權投資基金合夥企業(有限合夥)	Jiaxing, Limited Partnership	Investment trading	Equity	–	–	9.79%	Indirectly
State Grid Yingda Industry Investment Funds Management Co., Ltd.* 國網英大產業投資基金管理有限公司	Beijing, Limited Liability Company	Investment management	Equity	RMB600,000,000	10%	10%	Indirectly

* The English translation of the names is for reference only. The official name of the entity is in Chinese.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. INTEREST IN ASSOCIATES (continued)

Set out below is the summarised financial information for the significant associates of the Group which are accounted for using the equity method:

Cross-border Interbank Payment System Co., Ltd.

	2025 HK\$'000	2024 HK\$'000
Current assets	2,409,538	2,272,709
Non-current assets	174,692	172,507
Current liabilities	(246,732)	(122,374)
Non-current liabilities	(1,950)	(16,663)
Net assets	2,335,548	2,306,179
Net assets attributable to shareholders	2,335,548	2,306,179
Reconciled to the Group's interest in the associate:		
Group's effective interest	3.14%	3.14%
Group's share of net assets of the associate	78,117	76,888
Carrying amount	78,117	76,888
Revenue	146,802	122,688
Loss after taxation	(83,192)	(61,676)
Reconciled to the Group's share of results of the associate:		
Group's effective interest	3.14%	3.14%
Group's share of loss after taxation of the associate for the year	(2,489)	(278)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. INTEREST IN ASSOCIATES (continued)

State Grid Yingda Industry Investment Funds Management Co., Ltd

	2025 HK\$'000	2024 HK\$'000
Current assets	3,550,213	3,052,172
Non-current assets	501,230	452,058
Current liabilities	(10,409)	(15,221)
Non-current liabilities	(676,530)	(516,253)
Non-controlling interests	(2,389,893)	(2,096,293)
Net assets	974,611	876,463
Net assets attributable to shareholders	974,611	876,463
Reconciled to the Group's interest in the associate:		
Group's effective interest	10%	10%
Group's share of net assets of the associate	98,811	88,000
Carrying amount	98,811	88,000
Revenue	113,586	94,335
Profit after taxation	76,110	73,955
Reconciled to the Group's share of results of the associate:		
Group's effective interest	10%	10%
Group's share of profit after taxation of the associate for the year	7,665	5,614

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. INTEREST IN ASSOCIATES (continued)

The following table provides aggregate information of associates that are not individually material to the Group:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amounts of individually immaterial associates	<u>221</u>	<u>183</u>
Aggregate amounts of the Group's share of:		
Profit/(loss) after taxation	90	(1,743)
Other comprehensive income	<u>–</u>	<u>–</u>
Total comprehensive income	<u>90</u>	<u>(1,743)</u>

20. INTEREST IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	835,766	641,160
Addition for the year	–	222,560
Share of profit/(loss) for the year	4,875	(1,722)
Distribution for the year	(3,123)	(2,105)
Exchange difference arising from translation of foreign operations	<u>34,486</u>	<u>(24,127)</u>
Balance at end of year	<u>872,004</u>	<u>835,766</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. INTEREST IN JOINT VENTURES (continued)

Set out below is the joint ventures of the Group as at 31 December 2025 which, in the opinion of the directors, are material to the Group:

Name of entity	Place of incorporation, operation and kind of legal entity	Principal activities	Measurement method	Issued and fully paid-up capital	2025	2024	Directly held/ Indirectly held
Dong Feng BOCOM Yuan Jing Auto Industry Equity Investment Fund (Wuhan) Partnership Enterprise (Limited Partnership)* 東風交銀轍景汽車產業股權投資基金(武漢)合夥企業(有限合夥)	Wuhan, Limited Partnership	Investment trading	Equity	RMB876,400,000	37.5%	37.5%	Directly and indirectly
BOCOM Industrial Investment (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)* 交銀產投(杭州)股權投資合夥企業(有限合夥)	Hangzhou, Limited Partnership	Investment trading	Equity	RMB360,600,000	51.67%	51.67%	Directly and indirectly
Baise BOCOM Fudi Poverty-relief and Development Fund (Limited Partnership)* 百色交銀福地扶貧開發基金合夥企業(有限合夥)	Baise, Limited Partnership	Investment trading	Equity	2025: RMB7,000,000 2024: RMB226,000,000	0.02%	0.02%	Indirectly
Ningbo BOCOM I Equity Investment Limited (Limited Partnership)* 寧波交銀一期股權投資合夥企業(有限合夥)	Ningbo, Limited Partnership	Investment trading	Equity	RMB17,431,300	0.17%	0.17%	Indirectly
Hainan Haicheng Digital Industry Equity Investment Fund (Phase I) Partnership Enterprise (Limited Partnership)* 海南海澄數字產業一期股權投資基金合夥企業(有限合夥)	Hainan, Limited Partnership	Investment trading	Equity	RMB204,000,000	49.02%	49.02%	Directly and indirectly
Wuxi Jiao Yue Ding Jia Technology Equity Investment Partnership Enterprise (Limited Partnership)* 無錫交悅鼎嘉科技股權投資基金合夥企業(有限合夥)	Wuxi, Limited Partnership	Investment trading	Equity	2025: – 2024: RMB3,000,000	–	35%	Indirectly
CCT & BOCOMI Strategy Fund SP	Cayman Islands, investment fund	Investment trading	Equity	2025: USD40,717,200 2024: USD40,804,400	45.53%	45.53%	Directly
Taiping GBA Inno-Tech Limited Partnership Fund	Hong Kong, investment fund	Investment trading	Equity	–	33%	33%	Indirectly

* The English translation of the names is for reference only. The official name of the entity is in Chinese.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. INTEREST IN JOINT VENTURES (continued)

Set out below is the summarised financial information for the significant joint venture of the Group which is accounted for using the equity method:

Dong Feng BOCOM Yuan Jing Auto Industry Equity Investment Fund (Wuhan) Partnership Enterprise (Limited Partnership)

	2025 HK\$'000	2024 HK\$'000
Current assets		
Cash and cash equivalents	587,817	335,959
Other current assets	545,107	727,702
Total current assets	1,132,924	1,063,661
Total non-current assets	–	–
Other payables	2,713	3,837
Total current liabilities	2,713	3,837
Total non-current liabilities	–	–
Net assets	1,130,211	1,059,824
Reconciled to the Group's interest in the joint venture:		
Group's effective interest	37.5%	37.5%
Group's share of net assets of the joint venture	423,829	397,434
Carrying amount	423,829	397,434
Revenue	–	–
Profit/(loss) after taxation	18,404	(39,935)
Reconciled to the Group's share of results of the joint venture:		
Group's effective interest	37.5%	37.5%
Group's share of profit/(loss) after taxation of the joint venture for the year	6,560	(16,651)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. INTEREST IN JOINT VENTURES (continued)

BOCOM Industrial Investment (Hangzhou) Equity Investment Partnership Enterprise (Limited Partnership)

	2025 HK\$'000	2024 HK\$'000
Current assets		
Cash and cash equivalents	186,357	182,302
Other current assets	84,230	75,116
Total current assets	270,587	257,418
Total non-current assets	115,076	110,351
Other payables	202	197
Total current liabilities	202	197
Total non-current liabilities	–	–
Net assets	385,461	367,572
Reconciled to the Group's interest in the joint venture:		
Group's effective interest	51.67%	51.67%
Group's share of net assets of the joint venture	199,465	190,208
Carrying amount	199,465	190,208
Revenue	–	–
Loss after taxation	(157)	(5,572)
Reconciled to the Group's share of results of the joint venture:		
Group's effective interest	51.67%	51.67%
Group's share of loss after taxation of the joint venture for the year	(59)	(2,909)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. INTEREST IN JOINT VENTURES (continued)

Hainan Haicheng Digital Industry Equity Investment Fund (Phase I) Partnership Enterprise (Limited Partnership)

	2025 HK\$'000	2024 HK\$'000
Current assets		
Cash and cash equivalents	143,504	143,999
Other current assets	72,448	64,435
Total current assets	215,952	208,434
Total non-current assets	–	–
Other payables	2,283	2,111
Total current liabilities	2,283	2,111
Total non-current liabilities	–	–
Net assets	213,669	206,323
Reconciled to the Group's interest in the joint venture:		
Group's effective interest	49.02%	49.02%
Group's share of net assets of the joint venture	104,740	101,139
Carrying amount	104,740	101,139
Revenue	–	–
Loss after taxation	(2,775)	(2,464)
Reconciled to the Group's share of results of the joint venture:		
Group's effective interest	49.02%	49.02%
Group's share of loss after taxation of the joint venture for the year	(1,331)	(1,211)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. INTEREST IN JOINT VENTURES (continued)

The following table provides aggregate information of joint ventures that are not individually material to the Group:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amounts of individually immaterial joint ventures	53	3,094
Aggregate amounts of the Group's share of:		
Profit/(loss) after taxation	13	(568)
Other comprehensive income	–	–
Total comprehensive income	13	(568)

21. OTHER ASSETS

	2025 HK\$'000	2024 HK\$'000
Central Clearing and Settlement System – Guarantee Fund	26,176	22,661
Contribution in cash to Compensation Fund of SEHK	150	150
Contribution in cash to the Fidelity Fund of SEHK	150	150
Reserve fund deposits with the Hong Kong Futures Exchange ("HKFE") Clearing Corporation Limited	1,500	1,704
Reserve fund deposits with the SEHK Options Clearing House Limited ("SEOCH")	6,462	6,058
Admission fee paid to the Hong Kong Securities Clearing Company Limited	150	150
Stamp duty deposit	500	500
	35,088	31,373

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. FINANCIAL ASSETS AND LIABILITIES

The table below summarised the information relating to the fair value hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis.

Financial assets at fair value through other comprehensive income

	At 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Mandatorily measured at fair value through other comprehensive income				
Debt investments	<u>–</u>	<u>5,518,201</u>	<u>–</u>	<u>5,518,201</u>
Analysed for reporting purposes:				
Non-current				<u>2,876,690</u>
Current				<u>2,641,511</u>
				<u>5,518,201</u>

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Designated at fair value through other comprehensive income upon initial recognition				
Equity security	188	–	–	188
Mandatorily measured at fair value through other comprehensive income				
Debt investments	<u>–</u>	<u>5,195,321</u>	<u>–</u>	<u>5,195,321</u>
	<u>188</u>	<u>5,195,321</u>	<u>–</u>	<u>5,195,509</u>
Analysed for reporting purposes:				
Non-current				<u>3,119,392</u>
Current				<u>2,076,117</u>
				<u>5,195,509</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets at fair value through profit or loss

	At 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity securities	121,922	1,263,842	–	1,385,764
Debt investments	–	480,949	–	480,949
Preference shares	–	–	229,595	229,595
Unlisted funds	–	–	1,770,287	1,770,287
Structured financial products	–	38,777	–	38,777
Unlisted equities	–	–	973,224	973,224
	<u>121,922</u>	<u>1,783,568</u>	<u>2,973,106</u>	<u>4,878,596</u>

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Equity securities	138,152	339,049	–	477,201
Debt investments	2,116	138,888	–	141,004
Preference shares	–	–	203,499	203,499
Club debenture	–	–	1,859	1,859
Unlisted funds	–	–	1,755,953	1,755,953
Structured financial products	–	28,514	–	28,514
Unlisted equities	–	–	1,036,710	1,036,710
	<u>140,268</u>	<u>506,451</u>	<u>2,998,021</u>	<u>3,644,740</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. FINANCIAL ASSETS AND LIABILITIES (continued)

Derivative financial assets

	At 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Interest rate swaps	–	274	–	274
Others	–	–	–	–
	<u>–</u>	<u>274</u>	<u>–</u>	<u>274</u>

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Interest rate swaps	–	–	–	–
Others	–	24	–	24
	<u>–</u>	<u>24</u>	<u>–</u>	<u>24</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. FINANCIAL ASSETS AND LIABILITIES (continued)

Financial liabilities at fair value through profit or loss

	At 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial liabilities to the investors of the funds consolidated	<u>(307,421)</u>	<u>–</u>	<u>(326,171)</u>	<u>(633,592)</u>
Analysed for reporting purposes:				
Non-current				(326,171)
Current				<u>(307,421)</u>
				<u>(633,592)</u>

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial liabilities to the investors of the funds consolidated	(31,644)	–	(354,478)	(386,122)
Notes payable	<u>–</u>	<u>(224,647)</u>	<u>–</u>	<u>(224,647)</u>
	<u>(31,644)</u>	<u>(224,647)</u>	<u>(354,478)</u>	<u>(610,769)</u>
Analysed for reporting purposes:				
Non-current				(354,478)
Current				<u>(256,291)</u>
				<u>(610,769)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. FINANCIAL ASSETS AND LIABILITIES (continued)

Derivative financial liabilities

	At 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Others	–	–	(4,262)	(4,262)

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Total return swaps	–	(420)	–	(420)
Others	–	–	(4,365)	(4,365)
	–	(420)	(4,365)	(4,785)

Details of disclosure for fair value measurement are set out in Note 39.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. LOANS AND ADVANCES

	2025 HK\$'000	2024 HK\$'000
Gross loans and advances	480,302	1,210,764
Less: impairment allowance	(434,538)	(535,775)
	45,764	674,989
Net loans and advances:		
Non-current	26,322	11,568
Current	19,442	663,421
	45,764	674,989

The maximum exposure to credit risk at the reporting date is the carrying value of loans and advances above.

24. ACCOUNTS RECEIVABLE

	2025 HK\$'000	2024 HK\$'000
Corporate finance and underwriting business	11,260	2,627
Dealing in securities and futures business		
– Clients	170,405	131,346
– Brokers	163,812	91,198
– Clearing house	201,415	687,529
	535,632	910,073
Less: impairment allowance	(1,050)	(709)
	545,842	911,991

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

24. ACCOUNTS RECEIVABLE (continued)

The following is an ageing analysis of accounts receivable based on the date of invoice or contract note at the reporting date:

	2025 HK\$'000	2024 HK\$'000
Current (not past due)	538,460	910,370
Less than 31 days past due	3,423	167
31 – 60 days past due	1,342	–
61 – 90 days past due	251	–
Over 90 days past due	3,416	2,163
	8,432	2,330
Less: impairment allowance	(1,050)	(709)
	545,842	911,991

Client receivables from securities dealing are receivable on the settlement dates of their respective transactions, normally two or three business days after the respective trade dates.

	2025 HK\$'000	2024 HK\$'000
Total market value of securities pledged as collateral in respect of the overdue accounts receivable – clients	10,183	74,445

Brokers and clearing house receivables are repayable on the settlement dates of their respective trade dates, normally two or three business days after the respective trade dates.

The settlement of the receivables from corporate finance and underwriting business is done based on the completion of each phase of the project.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. OTHER RECEIVABLES AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Other receivables	283,381	345,591
Less: impairment allowance	(56,438)	(63,723)
	226,943	281,868
Prepayments	20,974	20,829
	247,917	302,697

26. MARGIN LOANS TO CUSTOMERS

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading and are repayable on demand. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

	2025 HK\$'000	2024 HK\$'000
Gross margin loans to customers	398,887	995,220
Less: impairment allowance	(15,735)	(161,978)
Net margin loans to customers	383,152	833,242

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

26. MARGIN LOANS TO CUSTOMERS (continued)

The Group applies a “three-stage” ECL model to measure ECL for the margin loans to customers.

	2025 HK\$'000	2024 HK\$'000
Margin loans to customers analysed by nature		
Institutions	109,391	241,597
Individuals	273,761	591,645
	<u>383,152</u>	<u>833,242</u>
Total market value of securities pledged as collateral in respect of margin loans to customers analysed by collateral		
Stocks	2,001,598	2,845,358
Debt securities	115	2,259
Others	–	709
	<u>2,001,713</u>	<u>2,848,326</u>

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of the margin loan business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. AMOUNT(S) DUE FROM THE ULTIMATE HOLDING COMPANY/A FELLOW SUBSIDIARY/RELATED PARTIES

The amounts are unsecured, interest-free and repayable on demand.

28. CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Cash at bank and in hand	1,495,878	1,158,410
Time deposits with original maturity of more than three months	529,168	419,525
	2,025,046	1,577,935

Bank balances carry interest at market rates

	2025	2024
Interest rates range	0.01%-4.22%	0.01%-3.05%

As at 31 December 2025, bank balances held at the ultimate holding company and a fellow subsidiary were HK\$1,088,120 thousand (31 December 2024: HK\$1,064,821 thousand) and HK\$2,247 thousand (31 December 2024: HK\$5,143 thousand) respectively.

29. OTHER PAYABLES AND ACCRUED EXPENSES

	2025 HK\$'000	2024 HK\$'000
Other payables	292,341	63,931
Accrued expenses	116,986	127,537
	409,327	191,468

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. ACCOUNTS PAYABLE

Accounts payable arising from the business of dealing in securities and options are as follows:

	2025 HK\$'000	2024 HK\$'000
Clients – trade settlement	43,643	624,690
Clearing house	136,174	3,181
Brokers	26,975	230,850
	206,792	858,721

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of these businesses.

The settlement terms of accounts payable arising from client businesses are normally two or three days after trade date or at specific terms agreed with clients, brokers or clearing house.

31. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Contract liabilities	17,262	12,816

The obligation of the Group to transfer advisory and management and other services to customers according to consideration received was presented as contract liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. CONTRACT LIABILITIES (continued)

Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
Beginning of the year	12,816	28,400
Decrease in contract liabilities as a result of recognising revenues during the year that was included in the contract liabilities at the beginning of the year	(8,621)	(13,181)
Increase/(decrease) in contract liabilities as a result of billing	13,067	(2,403)
End of the year	17,262	12,816

All contract liabilities are expected to be recognised as income within one year.

32. DEFERRED TAXATION

The analysis of deferred tax balances of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	4,600	1,494
Deferred tax liabilities	(4,082)	(5,604)
	518	(4,110)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

32. DEFERRED TAXATION (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Provision for staff costs HK\$'000	Accrued expenses HK\$'000	Tax loss HK\$'000	Allowance for impairment loss HK\$'000	Accelerated tax depreciation HK\$'000	Unrealised trading profit HK\$'000	Leases HK\$'000	Total HK\$'000
At 1 January 2024	–	6,166	4,307	1	(10,771)	(11,895)	574	(11,618)
Credited/(charged) to consolidated income statement	1,757	1,424	(4,217)	1	2,525	6,245	(252)	7,483
Exchange difference arising from translation of foreign operations	(25)	(239)	(90)	–	343	53	(17)	25
At 31 December 2024	1,732	7,351	–	2	(7,903)	(5,597)	305	(4,110)
Credited/(charged) to consolidated income statement	(202)	(1,361)	–	(2)	3,837	2,100	244	4,616
Exchange difference arising from translation of foreign operations	85	359	–	–	(385)	(63)	16	12
At 31 December 2025	<u>1,615</u>	<u>6,349</u>	<u>–</u>	<u>–</u>	<u>(4,451)</u>	<u>(3,560)</u>	<u>565</u>	<u>518</u>

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets recognised mainly relate to tax losses carried forward in Hong Kong and PRC entities.

At the end of the reporting period, the Group had estimated unrecognised tax losses of HK\$7,507,537 thousand (2024: HK\$6,753,422 thousand) available to offset against future profits. The deductible temporary difference and tax losses have not been recognised as it is uncertain that there will be sufficient future taxable profits available for the utilisation of these temporary differences. The unrecognised tax losses included a sum of HK\$292,534 thousand that will expire in 5 years (2024: HK\$255,029 thousand will expire in 5 years).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. SHARE CAPITAL

	Number of shares		Share capital	
	2025 Thousand Shares	2024 Thousand Shares	2025 HK\$'000	2024 HK\$'000
Issued and fully paid				
At the end of the reporting period	2,734,392	2,734,392	3,942,216	3,942,216

34. BORROWINGS

(a) Outstanding borrowings

	2025 HK\$'000	2024 HK\$'000
Bank loans and other borrowings		
Current – ultimate holding company (Note 36)	991,788	–
Current – authorised institutions	3,968,321	3,374,566
	4,960,109	3,374,566
Obligation under repurchase agreements		
Non-current	1,469,878	1,909,512
Current	1,228,736	1,496,205
	2,698,614	3,405,717
Subordinated loans (Note 36)		
Non-current	1,000,000	1,000,000
Total	8,658,723	7,780,283

As at 31 December 2025, the carrying amount included within financial assets sold under repurchase agreements was HK\$3,098,936 thousand (31 December 2024: HK\$4,053,503 thousand).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. BORROWINGS (continued)

(b) Borrowings repayable

	2025 HK\$'000	2024 HK\$'000
Bank loans and other borrowings		
Within 1 year	6,188,845	4,870,771
Between 1 and 2 years	121,525	1,543,507
Between 2 and 5 years	1,051,456	–
Over 5 years	296,897	366,005
	<u>7,658,723</u>	<u>6,780,283</u>
Undated	1,000,000	1,000,000
	<u>8,658,723</u>	<u>7,780,283</u>

As at 31 December 2025 and 31 December 2024, all bank borrowings were unsecured. Bank borrowings at 31 December 2025 were charged at floating interest rate ranging from base point plus 0.05% to base point plus 1% per annum (31 December 2024: base point plus 0.1% to 0.9% per annum).

35. DEBT SECURITIES ISSUED

	2025 HK\$'000	2024 HK\$'000
Debt securities issued	<u>3,880,962</u>	<u>3,868,715</u>

The outstanding balance of HK\$3,880,962 thousand (31 December 2024: HK\$3,868,715 thousand) measured at amortised cost represents the amount of unsecured notes issued by a wholly owned subsidiary of the Company under the US\$500 million medium term note programme. As at 31 December 2025, the debt securities issued bore fixed interest rate of 1.75% per annum (31 December 2024: 1.75% per annum). The notes will mature on 28 June 2026. Among which, debt securities of US\$10 million and US\$28 million (31 December 2024: US\$10 million and US\$28 million) were held by the ultimate holding company and a fellow subsidiary respectively. The carrying amount of the debt securities issued approximate to their fair value.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS

Details of the Company's subsidiaries, associates and joint ventures are disclosed in Note 18, 19 and 20. In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties:

(a) Ultimate holding company

	2025 HK\$'000	2024 HK\$'000
Transaction		
Interest income from deposits*	6,272	12,302
Finance costs	44,241	87,449
Computer software development and maintenance service income*	122,916	126,842
Digital RMB marketing service income*	9,889	1,079
Commission income*	2,196	–
Commission expenses*	5,107	3,847
Asset management and advisory fee*	3,574	2,480
Fund management fee income*	5,611	–
Underwriting fee income*	304	37
Other income	816	–
Rental expenses	3,190	4,292
Other operating expenses*	885	723
Other operating expenses	1,200	1,682
	2025 HK\$'000	2024 HK\$'000
Balance of transaction		
Right-of-use assets*	5,349	3,796
Amount due from the ultimate holding company	101,892	109,906
Other receivables	411	610
Other payables	289	–
Borrowings	991,788	–
Subordinated loans	1,000,000	1,000,000

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS (continued)

(b) Fellow subsidiaries, associates and joint ventures

	2025 HK\$'000	2024 HK\$'000
Transaction		
Interest income from deposits*	44	78
Interest income from loans	738	–
Finance costs	4,914	4,512
Computer software development and maintenance service income*	1,588	14,290
Information system consultancy service income*	472	–
Commission income*	66,877	5,544
Commission expenses*	768	935
Asset management and advisory fee	15,837	17,857
Underwriting fee income*	1,310	238
Arrangement fee income	1,630	–
Rental expenses	23,412	26,343
Other operating expenses*	2,926	1,739
Impairment loss	3	–

	2025 HK\$'000	2024 HK\$'000
Balance of transaction		
Right-of-use assets*	19,478	33,920
Other receivables	18,482	13,070
Accounts receivable	38,133	–
Accounts payable	–	103,088
Contract liabilities	335	–
Amount due from a fellow subsidiary	4,327	5
Loans and advances	28,400	–
Less: impairment allowance	(3)	–
	28,397	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS (continued)

(c) Related parties

	2025 HK\$'000	2024 HK\$'000
Transaction		
Fund management fee income	<u>216</u>	<u>—</u>

	2025 HK\$'000	2024 HK\$'000
Balance of transaction		
Gross amounts due from related parties	447	269
Less: impairment allowance	<u>—</u>	<u>—</u>
	<u>447</u>	<u>269</u>

* The transaction also constituted connected transactions or continuing connected transactions. The details are disclosed under the Report of the Directors section.

Notes

(i) Interest income from deposits

In the ordinary course of business, the Group placed its cash and cash equivalents and client monies with Bank of Communications Co., Ltd., Hong Kong Branch, Macau Branch and PRC Branches, as well as a fellow subsidiary.

(ii) Finance costs

In the ordinary course of business, the Group obtained subordinated loans and bank loans from its ultimate holding company, Bank of Communications Co., Ltd., Hong Kong Branch, to finance its margin financing activities and daily operations. The above bank borrowings were entered at the relevant market rates at the time of the transactions.

A portion of debt securities issued by the Group were held by the ultimate holding company as well as a fellow subsidiary.

(iii) Commission income

The commission income represented brokerage commission gained from a fellow subsidiary. Commission income was derived from the Group's securities brokerage business and determined on terms similar to those transactions conducted with independent third parties.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS (continued)

Notes (continued)

(iv) Commission expenses

The commission expenses represented rebate of brokerage commission income to the ultimate holding company and fellow subsidiaries in respect of the securities brokerage transactions. The rates were mutually agreed by the ultimate holding company/fellow subsidiaries and the Group.

(v) Asset management and advisory income

The Group has agreements with its ultimate holding company, associates and joint ventures under which the Group provides asset management and investment advisory services in return for asset management and advisory fee. The ultimate holding company has also appointed a subsidiary of the Group to provide asset management service to its clients.

(vi) Fund management fee income

The Group has agreements with its related parties and the ultimate holding company under which the Group provides asset management and investment advisory services, in return for management fee income.

(vii) Underwriting fee income

Underwriting fee income represented underwriting services provided to the ultimate holding company and a fellow subsidiary in relation to notes issuance.

(viii) Borrowings

A portion of the bank loan was obtained from the ultimate holding company, that are unsecured and bear floating interest. Details of the bank loan are stated in Note 34(a).

(ix) Subordinated loans

The subordinated loans from the ultimate holding company are unsecured, bear floating interest and undated. The loan arrangements are under regulatory condition. Details of the subordinated loans are stated in Note 34(a).

(x) Rental expenses

The office and carpark rental expenses paid to the ultimate holding company and fellow subsidiaries were agreed by the ultimate holding company, fellow subsidiaries and the Group.

(xi) Other operating expenses

The other operating expenses paid to the ultimate holding company and fellow subsidiaries mainly included system usage fee, bank charges, custody fee, insurance and management fee expense.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS (continued)

Notes (continued)

- (xii) Computer software development and maintenance service income

The income was derived from the Group's computer software development information system operation and maintenance services and information system integration services provided to the ultimate holding company and fellow subsidiary(ies).

- (xiii) Information system consultancy service income

The income was derived from the Group's information system consultancy service provided to the ultimate holding company and fellow subsidiary(ies).

- (xiv) Digital RMB marketing service income

The income was derived from the Group's digital RMB marketing service provided to the ultimate holding company.

- (xv) Accounts receivable and accounts payable

They were balances due from/to a fellow subsidiary in the Group's ordinary course of business.

- (xvi) Other receivables

They were rental deposit for properties leased from the ultimate holding company and a fellow subsidiary and balances due from associates and joint ventures.

- (xvii) Amount(s) due from the ultimate holding company/a fellow subsidiary/related parties

The amounts are unsecured, interest-free and repayable on demand and are of trade nature.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and other senior executives.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9, and other senior executives, is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other short-term employee benefits	6,375	10,502
Termination benefits	—	—
Post-employment benefits	—	—
Other long-term benefits	—	—
Share-based payments	—	—
	6,375	10,502

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. STRUCTURED ENTITIES

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

(a) Unconsolidated structured entities

The Group has been involved in unconsolidated structured entities through investments in structured entities or acting as the investment manager of the structured entities. The unconsolidated structured entities consist primarily of special purpose vehicles ("SPV") for investment trading on asset management business. The SPVs invest in a range of assets, most typically are bonds, unit trusts and preference shares. As the manager of the structured entities, the Group invests, on behalf of its clients, in the assets as described in the investment plan related to each fund and receives management fee income. The Group's remuneration as investment manager is limited to management fees and performance fees at market level and does not share significant variable returns of the investment. The Group records trading gains or losses from its investment in the structured entities. These structured entities are not consolidated by the Group.

Interests in unconsolidated structured entities and maximum exposure to unconsolidated structured entities

As at 31 December 2025 and 2024, the Group's total interests in unconsolidated structured entities on the consolidated statement of financial position and maximum exposure to loss from its interests in unconsolidated structured entities are summarised in the table below:

	2025 HK\$'000	2024 HK\$'000
Maximum exposure to loss	–	498,787

The Group has entered into an asset management service agreement with a client which provides a minimum return guarantee on the principal amounts on a cumulative basis throughout the life of the service contracts. In addition to an asset management fee at a fixed rate based on the capital amount, the Group is also entitled to a performance fee if the returns, on a cumulative basis, are above certain level. There was no aggregate amount of principal and guarantee return of the maximum exposure to loss of the service contracts in 2025 (2024: HK\$498,787 thousand).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. STRUCTURED ENTITIES (continued)

(a) Unconsolidated structured entities (continued)

Size of unconsolidated structured entities

The size of structured entities is measured by the fair value of investments managed by the unconsolidated structured entities. As at 31 December 2025 and 2024, the fair value of investments managed by the unconsolidated structured entities is summarised in the table below:

	2025 HK\$'000	2024 HK\$'000
Fair value of investments managed by the unconsolidated structured entities	8,576,333	7,271,490

Transactions with unconsolidated structured entities

For the years ended 31 December 2025 and 2024, the Group earned management fee for its investment management service in relation to funds that were not consolidated to the Group. Interest income is recognised on the loans provided to structured entities and interest earned on holding the senior notes issued by structured entities. The total income derived from involvement with unconsolidated structured entities is summarised in the table below:

	2025 HK\$'000	2024 HK\$'000
Management fee income	12,699	2,480

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. STRUCTURED ENTITIES (continued)

(b) Consolidated structured entities managed and held by the Group

The Group has consolidated certain structured entities which are investment funds. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. Factors considered include scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. The Group concludes that these structured entities shall be consolidated.

The size of consolidated structured entities is measured by the fair value of investments of consolidated structured entities. As at 31 December 2025 and 2024, the fair value of investments of consolidated structured entities is summarised in the table below:

	2025 HK\$'000	2024 HK\$'000
Fair value of investments managed by the consolidated structured entities	<u>552,372</u>	<u>107,749</u>

The financial impact of any individual fund on the Group's financial performance is not significant.

During the years ended 31 December 2025 and 2024, the Group did not provide financial support for any of the consolidated structured entities.

There were no contractual liquidity arrangements or other commitments between the Group, structured entities or any third parties that could increase the level of the Group's risk from or reduce its interest in structured entities during the years ended 31 December 2025 and 2024. No loss was incurred by the structured entities relating to the Group's interests in the structured entities, and the structured entities did not experience difficulty in financing their activities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

38. COMMITMENTS

Operating leases commitments

At the end of the reporting period, the Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2025 HK\$'000	2024 HK\$'000
No later than 1 year	<u>59</u>	<u>–</u>

Investment commitments

At the end of the reporting period, the Group had certain investment commitments contracted for at the end of the reporting period but not yet incurred. The amounts will be drawn down on as-needed basis. The table below provides further information regarding the commitments.

	2025 HK\$'000	2024 HK\$'000
Unfunded commitments	<u>141,341</u>	<u>366,922</u>

Loan commitments

The following table indicates the contractual amounts of the Group's credit related commitments which the Group has committed to its customers:

	2025 HK\$'000	2024 HK\$'000
Under 1 year	<u>–</u>	<u>67,132</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Group's major financial instruments include financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss, derivative financial assets and derivative financial liabilities, other assets, accounts and other receivables, loans and advances, margin loans to customers, amounts due from/(to) the ultimate holding company, a fellow subsidiary and related parties, cash and bank balances, accounts and other payables, borrowings, obligation under repurchase agreements, debt securities issued, lease liabilities, and subordinated loans from the ultimate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group, from time to time, uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies and evaluates certain risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Apart from the above, in order to effectively manage its credit risk exposure, the Group has also adopted the following measures in order to effectively manage its credit risks:

- the Group conducts its loan business in accordance with the annual capital allocated to such business and the risk appetite thresholds;
- the relevant department carries out due diligence on the potential client, including conducting a company search at the registrar as well as litigation and bankruptcy searches, and also conducts due diligence on the potential client's affiliates, guarantors, substantial shareholders and senior management, as applicable;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

- the relevant business department prepares an internal memorandum for internal review and assessment, which includes primarily an executive summary of the new projects, background, description of the potential clients (including, among others, shareholders, senior management, corporate structure, business, financial conditions, industry analysis, market position, prospects), deal structure, use of funds, transaction terms, investment highlights, risk analysis, return analysis, exit plans, due diligence report and follow up actions;
- the Group conducts preliminary review and official review on the potential clients. Only those clients selected out of the preliminary review will be submitted for official review;
- during the preliminary review, the risk management department will review the internal memorandum from a risk management perspective, focusing on whether all the key aspects of an investment or loan project have been properly addressed and whether the information so provided in the internal memorandum is reasonable to address the key risks involved; and the legal and compliance department will review the internal memorandum from a legal and compliance perspective, focusing on the conflict of interests check, proposed legal terms of the transaction and overall legal compliance matters. The two departments may request further information from the relevant business department;
- during the official review, subject to the delegated authorities, the senior management or investment committee of the Company will further review the internal memorandum, which has been reviewed and agreed by the risk management department and the legal and compliance department, and convene a review meeting with the relevant business department in charge of the potential clients. At the review meeting, the relevant business department will introduce the potential client and our senior management or investment committee (as the case may be) will raise questions and recommendations, leveraging the committee members' respective experiences and expertise, in order to make well considered and comprehensive investment or lending decisions;
- if any post-approval material changes occur to the clients or its board of directors, transaction amount, guarantor, collateral, valuation, legality of relevant legal documents or other factors that affect the Group's interests, as applicable, supplemental reports explaining the changes and their effect are required to be submitted to the senior management or the investment committee (as the case may be) for review;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

- the Group continually monitors all ongoing clients from off-site and obtain from time to time information about any changes in the clients' composition of senior management, industry trends, business operations and financial condition, especially cash flow status, and verify such information with the relevant clients via phone calls or emails;
- the relevant business department will communicate any material risk events to the heads of the relevant departments, and submit examination reports to the senior management and the risk management committee for advice on further risk management actions and start collection or exiting processes; and
- the relevant business departments and functional departments will together closely monitor the financial covenants and track the maturity of the respective loans during the post-investment period. If any event of default occurs, corresponding steps will be taken in accordance with the relevant facility agreement. In cases where the client fails to pay on time, the situation will be timely reported to the senior management and the business department will negotiate with the client to reach a repayment or restructuring plan and legal actions may be taken, if necessary.

(a) **Market risk**

Market risk refers to the adverse effect that normal or specific changes in foreign exchange rates, interest rates, commodity prices or stock prices may have on products involving interest rates, currencies and stocks. The Group's market risk mainly includes currency risk, interest rate risk and other price risk. The market risk management aims to manage and monitor market risk, keep the potential losses associated with market risk within an acceptable level and maximise the returns.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Summary of financial assets and liabilities

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Other assets	35,088	31,373
Loans and advances	45,764	674,989
Accounts receivable	545,842	911,991
Other receivables	226,943	281,868
Margin loans to customers	383,152	833,242
Amount due from the ultimate holding company	101,892	109,906
Amount due from a fellow subsidiary	4,327	5
Amounts due from related parties	447	269
Financial assets at fair value through other comprehensive income	5,518,201	5,195,509
Financial assets at fair value through profit or loss	4,878,596	3,644,740
Derivative financial assets	274	24
Cash and bank balances	2,025,046	1,577,935
	13,765,572	13,261,851
Financial liabilities		
Borrowings	4,960,109	3,374,566
Subordinated loans from the ultimate holding company	1,000,000	1,000,000
Obligation under repurchase agreements	2,698,614	3,405,717
Other payables	292,341	63,931
Accounts payable	206,792	858,721
Lease liabilities	67,010	147,767
Debt securities issued	3,880,962	3,868,715
Financial liabilities at fair value through profit or loss	633,592	610,769
Derivative financial liabilities	4,262	4,785
	13,743,682	13,334,971

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk

The Group undertakes certain transactions denominated in foreign currencies; hence exposures to exchange rate fluctuations arise.

The carrying amount of the Group's major foreign currency denominated monetary assets and monetary liabilities at year end is as follows:

	As at 31 December 2025				Total HK\$'000
	HKD HK\$'000	USD (in HKD equivalent) HK\$'000	RMB (in HKD equivalent) HK\$'000	Other foreign currencies (in HKD equivalent) HK\$'000	
Financial assets					
Other assets	33,557	–	1,531	–	35,088
Loans and advances	–	45,764	–	–	45,764
Accounts receivable	374,229	146,213	20,962	4,438	545,842
Other receivables	23,703	155,725	47,515	–	226,943
Margin loans to customers	371,087	12,065	–	–	383,152
Amount due from the ultimate holding company	(6,118)	(486)	108,496	–	101,892
Amount due from a fellow subsidiary	4,327	–	–	–	4,327
Amounts due from related parties	338	109	–	–	447
Financial assets at fair value through other comprehensive income	–	5,518,201	–	–	5,518,201
Financial assets at fair value through profit or loss	168,905	3,309,724	1,366,646	33,321	4,878,596
Derivative financial assets	–	274	–	–	274
Cash and bank balances	326,930	494,422	1,201,846	1,848	2,025,046
Total financial assets	1,296,958	9,682,011	2,746,996	39,607	13,765,572

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	As at 31 December 2025				Total HK\$'000
	HKD HK\$'000	USD (in HKD equivalent) HK\$'000	RMB (in HKD equivalent) HK\$'000	Other foreign currencies (in HKD equivalent) HK\$'000	
Financial liabilities					
Borrowings	1,420,000	2,305,908	1,234,201	–	4,960,109
Subordinated loans from the ultimate holding company	1,000,000	–	–	–	1,000,000
Obligation under repurchase agreements	–	2,698,614	–	–	2,698,614
Other payables	12,670	238,226	41,445	–	292,341
Accounts payable	321,989	(111,776)	(6,972)	3,551	206,792
Lease liabilities	36,622	–	30,388	–	67,010
Debt securities issued	–	3,880,962	–	–	3,880,962
Financial liabilities at fair value through profit or loss	24,818	278,292	330,482	–	633,592
Derivative financial liabilities	–	3,924	338	–	4,262
Total financial liabilities	2,816,099	9,294,150	1,629,882	3,551	13,743,682
Net on-balance sheet position	(1,519,141)	387,861	1,117,114	36,056	21,890

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	As at 31 December 2024				Total HK\$'000
	HKD HK\$'000	USD (in HKD equivalent) HK\$'000	RMB (in HKD equivalent) HK\$'000	Other foreign currencies (in HKD equivalent) HK\$'000	
Financial assets					
Other assets	30,744	–	629	–	31,373
Loans and advances	–	173,569	501,420	–	674,989
Accounts receivable	589,440	294,269	24,855	3,427	911,991
Other receivables	20,572	213,563	47,733	–	281,868
Margin loans to customers	833,112	130	–	–	833,242
Amount due from the ultimate holding company	(7,665)	268	117,303	–	109,906
Amount due from a fellow subsidiary	4	–	1	–	5
Amounts due from related parties	269	–	–	–	269
Financial assets at fair value through other comprehensive income	189	5,195,320	–	–	5,195,509
Financial assets at fair value through profit or loss	108,125	2,251,979	1,251,281	33,355	3,644,740
Derivative financial assets	–	–	24	–	24
Cash and bank balances	139,131	228,715	1,205,998	4,091	1,577,935
Total financial assets	1,713,921	8,357,813	3,149,244	40,873	13,261,851

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	As at 31 December 2024				Total HK\$'000
	HKD HK\$'000	USD (in HKD equivalent) HK\$'000	RMB (in HKD equivalent) HK\$'000	Other foreign currencies (in HKD equivalent) HK\$'000	
Financial liabilities					
Borrowings	825,000	859,806	1,689,760	–	3,374,566
Subordinated loans from the ultimate holding company	1,000,000	–	–	–	1,000,000
Obligation under repurchase agreements	–	3,405,717	–	–	3,405,717
Other payables	15,866	32,042	16,023	–	63,931
Accounts payable	547,806	285,651	22,262	3,002	858,721
Lease liabilities	92,522	–	55,245	–	147,767
Debt securities issued	–	3,868,715	–	–	3,868,715
Financial liabilities at fair value through profit or loss	27,293	224,647	358,829	–	610,769
Derivative financial liabilities	–	4,526	259	–	4,785
Total financial liabilities	2,508,487	8,681,104	2,142,378	3,002	13,334,971
Net on-balance sheet position	(794,566)	(323,291)	1,006,866	37,871	(73,120)

Currency risk refers to the risk that the Group's financial position with respect to foreign currency exposure will be affected as a result of fluctuations in major foreign exchange rates. The Group's currency risk exposures are mainly in respect of Renminbi and United States dollar currently. The Directors consider that the exchange rate of Hong Kong dollar against United States dollar is relatively stable under the current pegged rate system in Hong Kong. The other foreign currencies are not material compared to the total assets and liabilities of the Group. In the opinion of the directors, the Group is not subject to significant currency risk exposure.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% change in Hong Kong dollar against the relevant foreign currencies. The 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rate. The number shown below indicates an increase in profit where Hong Kong dollar weakens against the relevant currency. For a 10% strengthening of Hong Kong dollar against the relevant currency, there would be an equal and opposite impact on the profit.

Impact on profit after taxation

	2025 HK\$'000	2024 HK\$'000
RMB	93,279	84,073
Other foreign currencies	3,011	3,162

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

As at 31 December 2025	Overdue HK\$'000	Within 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Non-interest bearing HK\$'000	Total HK\$'000
Financial assets								
Other assets	-	-	-	-	-	-	35,088	35,088
Loans and advances	17,367	-	-	-	-	28,397	-	45,764
Accounts receivable	447	535,184	-	-	-	-	10,211	545,842
Other receivables	-	-	-	-	-	-	226,943	226,943
Margin loans to customers	-	383,152	-	-	-	-	-	383,152
Amount due from the ultimate holding company	-	-	-	-	-	-	101,892	101,892
Amount due from a fellow subsidiary	-	-	-	-	-	-	4,327	4,327
Amounts due from related parties	-	-	-	-	-	-	447	447
Financial assets at fair value through other comprehensive income	-	277,563	66,011	2,297,937	2,021,265	855,425	-	5,518,201
Financial assets at fair value through profit or loss	-	15,500	15,528	48,762	284,111	1,243,032	3,271,663	4,878,596
Derivative financial assets	-	-	-	-	-	-	274	274
Cash and bank balances	-	1,480,261	23,380	118,129	403,276	-	-	2,025,046
	<u>17,814</u>	<u>2,691,660</u>	<u>104,919</u>	<u>2,464,828</u>	<u>2,708,652</u>	<u>2,126,854</u>	<u>3,650,845</u>	<u>13,765,572</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As at 31 December 2025	Overdue HK\$'000	Within 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Non-interest bearing HK\$'000	Total HK\$'000
Financial liabilities								
Borrowings	-	4,960,109	-	-	-	-	-	4,960,109
Subordinated loans from the ultimate holding company	-	1,000,000	-	-	-	-	-	1,000,000
Obligation under repurchase agreements	-	2,698,614	-	-	-	-	-	2,698,614
Other payables	-	-	-	-	-	-	292,341	292,341
Accounts payable	-	-	-	-	-	-	206,792	206,792
Lease liabilities	-	6,328	9,220	30,734	20,728	-	-	67,010
Debt securities issued	-	-	-	377	3,880,585	-	-	3,880,962
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	633,592	633,592
Derivative financial liabilities	-	-	-	-	-	-	4,262	4,262
	<u>-</u>	<u>8,665,051</u>	<u>9,220</u>	<u>31,111</u>	<u>3,901,313</u>	<u>-</u>	<u>1,136,987</u>	<u>13,743,682</u>
Interest rate sensitivity gap	<u>17,814</u>	<u>(5,973,391)</u>	<u>95,699</u>	<u>2,433,717</u>	<u>(1,192,661)</u>	<u>2,126,854</u>	<u>2,513,858</u>	<u>21,890</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As at 31 December 2024	Overdue HK\$'000	Within 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Non-interest bearing HK\$'000	Total HK\$'000
Financial assets								
Other assets	–	–	–	–	–	–	31,373	31,373
Loans and advances	151,674	10,327	–	501,420	11,568	–	–	674,989
Accounts receivable	149	909,913	–	–	–	–	1,929	911,991
Other receivables	–	–	–	–	–	–	281,868	281,868
Margin loans to customers	–	833,242	–	–	–	–	–	833,242
Amount due from the ultimate holding company	–	–	–	–	–	–	109,906	109,906
Amount due from a fellow subsidiary	–	–	–	–	–	–	5	5
Amounts due from related parties	–	–	–	–	–	–	269	269
Financial assets at fair value through other comprehensive income	21,677	231,964	188,544	1,633,932	2,630,203	489,189	–	5,195,509
Financial assets at fair value through profit or loss	7,557	–	–	114,955	18,387	338,922	3,164,919	3,644,740
Derivative financial assets	–	–	–	–	–	–	24	24
Cash and bank balances	–	1,072,866	85,544	229,427	190,098	–	–	1,577,935
	<u>181,057</u>	<u>3,058,312</u>	<u>274,088</u>	<u>2,479,734</u>	<u>2,850,256</u>	<u>828,111</u>	<u>3,590,293</u>	<u>13,261,851</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As at 31 December 2024	Overdue HK\$'000	Within 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Non-interest bearing HK\$'000	Total HK\$'000
Financial liabilities								
Borrowings	-	3,374,566	-	-	-	-	-	3,374,566
Subordinated loans from the ultimate holding company	-	1,000,000	-	-	-	-	-	1,000,000
Obligation under repurchase agreements	-	3,405,717	-	-	-	-	-	3,405,717
Other payables	-	-	-	-	-	-	63,931	63,931
Accounts payable	-	-	-	-	-	-	858,721	858,721
Lease liabilities	-	8,113	12,971	58,664	68,019	-	-	147,767
Debt securities issued	-	-	-	377	3,868,338	-	-	3,868,715
Financial liabilities at fair value through profit or loss	112,933	111,714	-	-	-	-	386,122	610,769
Derivative financial liabilities	-	-	-	-	-	-	4,785	4,785
	<u>112,933</u>	<u>7,900,110</u>	<u>12,971</u>	<u>59,041</u>	<u>3,936,357</u>	<u>-</u>	<u>1,313,559</u>	<u>13,334,971</u>
Interest rate sensitivity gap	<u>68,124</u>	<u>(4,841,798)</u>	<u>261,117</u>	<u>2,420,693</u>	<u>(1,086,101)</u>	<u>828,111</u>	<u>2,276,734</u>	<u>(73,120)</u>

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to the "margin loans to customers", "cash and bank balances", "borrowings" and "subordinated loans from the ultimate holding company" as well as interest-bearing "accounts receivable", "obligation under repurchase agreements" and "loans and advances" carried at amortised costs with floating interest rates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Cash flow interest rate risk (continued)

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR"), Chinese Yuan Hong Kong Interbank Offered Rate ("CNH HIBOR") and reference rate applicable to United States dollar as its interest-bearing assets and liabilities are mainly Hong Kong dollar, Chinese Yuan and United States dollar denominated. The Group mainly manages interest rate risk through adjusting its asset portfolio. The Group's asset portfolio management aims at mitigating risk by diversification of assets.

	2025 HK\$'000	2024 HK\$'000
Assets		
Accounts receivable – dealing in securities and futures	535,632	910,073
Margin loans to customers	383,152	833,242
Loans and advances	45,764	674,989
Cash and bank balances	2,025,046	1,577,935
Liabilities		
Borrowings	(4,960,109)	(3,374,566)
Subordinated loans from the ultimate holding company	(1,000,000)	(1,000,000)
Obligation under repurchase agreements	(2,698,614)	(3,405,717)
	<u>(5,669,129)</u>	<u>(3,784,044)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The following table illustrates the potential impact, of a parallel upward or downward shift of 25 basis points in interest rate curves on the Group's net profit for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at year end.

Change in basis points

	31 December			
	2025		2024	
	+25	-25	+25	-25
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation	<u>(11,834)</u>	<u>11,834</u>	<u>(7,899)</u>	<u>7,899</u>

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to investments in debt securities classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss carried at fixed interest rate. The Group monitors the interest rate risks by quantifying market exposure in duration terms.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Fair value interest rate risk (continued)

The Group's fair value interest rate risk exposure is summarised as follows:

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through other comprehensive income – debt investments	5,518,201	5,195,321
Financial assets at fair value through profit or loss – debt investments	480,949	141,004
Financial liabilities at fair value through profit or loss – notes payable	–	(224,647)

The following table illustrates the potential impact, of a parallel upward or downward shift of 25 basis points in interest rate curves on the Group's net profit and equity for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period.

Change in basis points

	31 December			
	2025		2024	
	+25	-25	+25	-25
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation	(6,647)	6,693	(1,147)	1,153
Impact on equity	(25,754)	25,274	(13,089)	13,147

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Other price risk

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income, and at fair value through profit or loss. The Directors manage the exposure by closely monitoring the portfolio of investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 10 percent change is used when reporting equity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity price.

Profit after taxation for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income

	2025 HK\$'000	2024 HK\$'000
Equity securities	–	188
Impact on equity		
Increases by 10%	–	19
Decreases by 10%	–	(19)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Other price risk (continued)

Financial assets at fair value through profit or loss

	2025 HK\$'000	2024 HK\$'000
Equity securities	1,385,764	477,201
Preference shares	229,595	203,499
Unlisted funds	1,770,287	1,755,953
Unlisted equities	973,224	1,036,710
	<u>4,358,870</u>	<u>3,473,363</u>
Impact on profit after taxation		
Increases by 10%	363,966	290,026
Decreases by 10%	(363,966)	(290,026)

Derivative financial assets

	2025 HK\$'000	2024 HK\$'000
Interest rate swaps	274	–
Others	–	24
	<u>274</u>	<u>24</u>
Impact on profit after taxation		
Increases by 10%	23	2
Decreases by 10%	(23)	(2)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Other price risk (continued)

Financial liabilities at fair value through profit or loss

	2025 HK\$'000	2024 HK\$'000
Financial liabilities to the investors of the funds consolidated	<u>(633,592)</u>	<u>(386,122)</u>
Impact on profit after taxation		
Increases by 10%	(52,905)	(32,241)
Decreases by 10%	<u>52,905</u>	<u>32,241</u>

Derivative financial liabilities

	2025 HK\$'000	2024 HK\$'000
Total return swaps	–	(420)
Others	<u>(4,262)</u>	<u>(4,365)</u>
	<u>(4,262)</u>	<u>(4,785)</u>
Impact on profit after taxation		
Increases by 10%	(356)	(400)
Decreases by 10%	<u>356</u>	<u>400</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk

The Group's credit risk arises from the possibility that a client or counterparty in a transaction may default. Credit exposures arise principally in other assets, loans and advances, accounts receivable, other receivables, margin loans to customers, amount(s) due from the ultimate holding company/a fellow subsidiary/related parties, debt securities carried at fair value through other comprehensive income and at fair value through profit or loss, derivative financial assets, and cash and bank balances. In order to minimise the credit risk, the Group has credit policies in place and the exposure to this risk is monitored on an ongoing basis. The Group employs a range of policies and practices to mitigate credit risk.

The Credit Committee is mainly in charge of the risk management of the securities brokerage and margin financing business and the implementation of the credit risk policies. The primary responsibilities of the Credit Committee include: (i) monitoring the risk management performance with reference to the various risk indicators, such as the loan-to-margin ratio and loan-to-value ratio, the percentage of margin loans attributable to the Group's top 20 customers by loan balance, and margin loan balance attributable to a single client; (ii) maintaining a list of shares qualified as collateral for the margin financing business and reviewing such list periodically; (iii) approving customers' applications on trading limit and credit limit; and (iv) developing risk management policies for transactions of cash accounts and institutional clients as well as settlement arrangements.

The Risk Management Committee is primarily responsible for designing the risk management structure and strategies for the principal businesses, reviewing and monitoring the implementation of risk management policies for the principal businesses, identifying risks and updating the risk management policies in response to changes. The Credit Risk Team of the Risk Management Department is responsible for the credit risk management of the securities brokerage and margin financing business, participating in the review process and supervising the relevant risk management work.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group seeks to control the credit risk exposure within the tolerance level and maximise the risk adjusted returns by identifying, quantifying, monitoring and managing credit risk based on the risk preference and net capital level. The Group has established a credit risk management framework covering all stages from due diligence, credit review and collateral management to post-loan credit examination. The Group monitors the loan-to-margin ratio and loan-to-value ratio on a regular basis of each client to whom the Group has provided financing and take appropriate actions to recover or minimise the losses. A daily report on the client's outstanding loan amount, value of the collateral and loan-to-margin and loan-to-value ratio is generated for the Group's ongoing monitoring and review. The Group has utilised tools such as limit indicators, admission criteria, due diligence standards and internal audit requirements in developing the business in accordance with the Group's risk appetite.

Maximum exposure to credit risk before collateral held or other credit enhancement is represented by the carrying amount of each financial assets in the consolidated statement of financial position after deducting any impairment allowances:

	2025 HK\$'000	2024 HK\$'000
Other assets	35,088	31,373
Loans and advances	45,764	674,989
Accounts receivable	545,842	911,991
Other receivables	226,943	281,868
Margin loans to customers	383,152	833,242
Amount due from the ultimate holding company	101,892	109,906
Amount due from a fellow subsidiary	4,327	5
Amounts due from related parties	447	269
Financial assets at fair value through other comprehensive income – debt investments	5,518,201	5,195,321
Financial assets at fair value through profit or loss – debt investments	480,949	141,004
Derivative financial assets	274	24
Cash and bank balances	2,025,046	1,577,935
	9,367,925	9,757,927

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Other assets

Other assets are mainly guarantee fund and reserve funds maintained with Central Clearing and Settlement System, Hong Kong Futures Exchange ("HKFE") Clearing Corporation Limited and SEHK Options Clearing House Limited ("SEOCH").

Loans and advances and loan commitments

The Group assesses credit risk of loans to corporate clients by performing credit assessments, which are also subject to regular review and monitoring.

For the loans guaranteed by a third party, the Group will assess the guarantor's financial condition, credit history and ability to meet obligations.

Risk Management Department provides regular credit management information reports and ad hoc reports to the Risk Committee, Investment Committee and Board of Directors to facilitate their continuous monitoring of credit risk. In addition, the Group identifies credit concentration risk by industry, geography, client and counterparty. The Group monitors changes to counterparty risk, quality of the credit portfolio and concentration risk, and reports regularly to the Group's Management.

The Group adopts loan grading criteria which divides credit assets into five categories with reference to the regulator's guidelines and alignment with the regulation of parent company – Bank of Communications Co., Ltd. as below:

"Pass" represents loans where the borrower is current in meeting its repayment obligations and full repayment of interest and principal is not in doubt.

"Special Mention" represents loans where the borrower is experiencing difficulties which may threaten the Group's position. Ultimate loss is not expected at this stage but could occur if adverse conditions persist.

"Substandard" represents loans where the borrower displays a definable weakness that is likely to jeopardise repayment.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Loans and advances and loan commitments (continued)

"Doubtful" represents loans where collection in full is improbable and the Group expects to sustain a loss of principal and/or interest, taking into account the net realisable value of the collateral.

"Loss" represents loans which are considered uncollectible after all collection options (such as the realisation of collateral or the institution of legal proceedings) have been exhausted.

Accounts receivable

For accounts receivable arising from the Group's corporate finance and underwriting activities, due diligence on client's business and repayment ability will be conducted before granting of credit. Corporate Finance, Equity Capital Markets and Debt Capital Markets Department will closely update the client's business change through frequent contact with client. Exit strategies are set in place before granting of each credit.

Credit risk from client securities dealing receivables under securities brokerage business is normally controlled through delivery-against-payment settlement and custody arrangement.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for accounts receivable of corporate finance and underwriting business and accounts receivable arising from the Group's dealing in securities and future business.

Evaluations, supplemented by assessments of underlying collaterals, are performed on all clients requiring credit.

Other receivables

Based on past experience, the management believes that there has not been a significant change in credit quality of other receivables and the balance is still considered recoverable as most of the clients have no recent history of default and have a good track record with the Group. Impairment allowance was recognised using "three-stage" ECL model under the requirements of HKFRS 9.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Margin loans to customers

Margin clients of the Group are required to pledge their security investments to the Group for the facilities for securities trading. The amount of facilities granted to them is determined by the discounted values of the shares and is monitored on an ongoing basis.

The collateral for covering the credit risk exposure in case of default is subject to mark-to-market monitoring on a daily basis. Default, margin call and forced liquidation procedures are in place for margin clients. When a customer's margin loan balance exceeds the credit limit granted or a customer's loan-to-margin ratio exceeds 100%, the Group will generate an alert to help monitor its status and decide whether any additional collateral is required. Amongst the customers with loan-to-margin ratio in excess of 200%, the Group will take into consideration of various factors such as customers' background and the interest rate of loan, in particular, the loan-to-value ratio in excess of 70% in making requests for additional collateral.

No ageing analysis is disclosed, as in the opinion of the Directors, an ageing analysis does not give additional view of the nature of the margin loan business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral accepted by the Group.

Amount(s) due from the ultimate holding company/fellow subsidiaries/related parties

Amount(s) due from the ultimate holding company/fellow subsidiaries/related parties represents various income receivable arising from normal business transactions. The amounts are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Debt investments

Debt investments are classified as financial assets at fair value through other comprehensive income and at fair value through profit or loss. The debt investments are mainly listed in The Hong Kong Stock Exchange and overseas exchanges. The Investment Committee of the Group assesses the financial strengths and performance of the issuers to ensure the issuers satisfy the repayment of principal and interest as they fall due. The Committee limits the size of the debt portfolio and limits the exposure to a single industry and issuer in order to control the credit risk. The Committee also closely monitors the changes in the credit ratings of the issuers and follows the market news for taking immediate actions if there is an indication of a deterioration of the repayment ability of the issuers.

Derivative financial assets

Derivative financial assets are commodity futures traded in active markets. The credit risk exposure is determined by the change in the market prices of the derivatives. The Group manages the credit risk by monitoring counterparty's credit rating and limiting its trades with stock exchanges.

Cash and bank balances

Cash and bank balances are placed in various authorised institutions and the Directors consider that the credit risk arising from cash and bank balances is minimal.

Credit quality – debt investments and derivative financial instruments

The credit quality of debt investments and derivative financial instruments can be assessed by reference to credit ratings obtained from major rating agencies in the country where debt and derivative issuers are located (if available) or to historical information about counterparty default rates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Financial assets at fair value through other comprehensive income – debt investments

	2025 HK\$'000	2024 HK\$'000
Standard & Poor's rating:		
AAA	155,407	–
AA	39,208	–
A+	325,474	–
A	201,110	–
A-	709,984	135,322
BBB+	375,878	327,364
BBB	271,268	261,456
BBB-	42,540	187,519
B	–	123,689
Fitch's rating:		
A	362,039	223,373
A-	–	159,839
BBB+	514,367	752,752
BBB	369,808	629,907
BBB-	89,961	87,215
Moody's rating:		
Aa2	23,469	–
Aa3	339,642	–
A1	86,648	22,722
A2	231,794	381,127
A3	57,963	428,271
Baa1	292,674	466,702
Baa2	301,883	81,902
Baa3	309,249	353,929
Ba1	169,749	282,677
Ba3	–	209,937
B2	–	17,119
No rating ⁽¹⁾	248,086	62,499
	5,518,201	5,195,321

⁽¹⁾ Financial assets with no rating represent listed and unlisted corporate debts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Financial assets at fair value through profit or loss – debt investments

	2025 HK\$'000	2024 HK\$'000
Standard & Poor's rating:		
AA	15,537	–
A+	10,496	2,116
A-	19,594	–
BBB+	71,229	–
BBB	156,785	–
BBB-	107,573	18,387
Fitch's rating:		
A-	15,755	–
BBB+	23,334	–
Moody's rating:		
A3	5,459	–
Baa1	15,547	–
Ba1	–	112,839
No rating ⁽¹⁾	39,640	7,662
	480,949	141,004

⁽¹⁾ Financial assets with no rating represent listed and unlisted corporate debts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Derivative financial assets

	2025 HK\$'000	2024 HK\$'000
Standard & Poor's rating:		
A-	274	–
No rating	–	24
	<u>274</u>	<u>24</u>

Derivative financial liabilities

	2025 HK\$'000	2024 HK\$'000
Standard & Poor's rating:		
A	–	420
No rating	4,262	4,365
	<u>4,262</u>	<u>4,785</u>

The Group has eight types of financial assets that are subject to the ECL model:

- Loans and advances
- Financial assets at FVOCI – debt investments
- Margin loans to customers
- Accounts receivable
- Other receivables
- Amounts due from the ultimate holding company, a fellow subsidiary and related parties
- Cash and bank balances, and
- Other assets

While cash and cash equivalents and other assets are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group established ECL model by using a statistical approach for material portfolios. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate ("EIR") and forward-looking information.

In calculating the ECL allowance, forward-looking macroeconomic information, such as unemployment rate or gross domestic products ("GDP"), is incorporated as part of risk parameters estimation. The Group has regularly reference to macro-forecast data from authoritative institutions (such as International Monetary Fund) and a range of macroeconomic factors is maintained based on statistical data tests and expert judgement to ensure that relevant factors could be taken into consideration in the ECL models.

Various economic scenarios are considered such that a probability-weighted average ECL can be estimated. Three scenarios are proposed, i.e. good scenario, neutral scenario and bad scenario. By considering the corresponding probabilities of the scenarios, the probability-weighted average ECL can be estimated.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering both quantitative and qualitative information. Stages are determined by significant credit deterioration criteria, including (1) Principal or interest of the instrument is more than 30 days past due; (2) Credit rating of obligor changes significantly, credit rating is based on internal or external rating results, when the borrower's credit rating is downgraded to a certain level, there has been a significant increase in credit risk. Criteria to determine significant increase in credit risk varies based on the original credit rating upon initial recognition; (3) Loan classification grade has been downgraded to special mention; (4) Other circumstances of significant increase in credit risk according to qualitative reasoning and expert judgement. For example, significant adverse issues that have negative impacts on obligator's repayment ability.

The financial assets are movable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met: (1) Principal or interest of the asset is more than 90 days past due; (2) Loan classification grade has been downgraded to substandard, doubtful or loss; (3) Other circumstances according to qualitative reasoning and expert judgement. For example, the issuer or obligor is in significant financial difficulty, or disappearance of an active market for that financial instrument because of financial difficulties.

The default definition applied by the Group is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and qualitative indicators have been considered when appropriate.

The Group has applied a “three-stage” ECL model for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarised below:

- Stage 1: A loss allowance for a financial instrument should be measured at an amount equal to 12-month ECL if the credit risk on that financial instrument has not increased significantly since initial recognition.
- Stage 2: A loss allowance for a financial instrument should be measured at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, but it is not yet credit-impaired.
- Stage 3: Lifetime ECL are recognised on the financial instrument if the credit risk of a financial instrument increases to the point that it is considered credit-impaired.

The financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Analysis of the gross carrying amount of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

	Stage of assets			Total HK\$'000
	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000	
(a) Margin loans to customers				
Gross carrying amount as at 1 January 2025	830,968	164	164,088	995,220
Increases	128,886	497	–	129,383
Decreases	(577,152)	(161)	(2,949)	(580,262)
Write-off	–	–	(145,454)	(145,454)
Transfers between stages				
– Increase	4	–	–	4
– Decrease	–	(4)	–	(4)
As at 31 December 2025	<u>382,706</u>	<u>496</u>	<u>15,685</u>	<u>398,887</u>
Gross carrying amount as at 1 January 2024	1,091,551	54,532	179,535	1,325,618
Increases	159,818	53	901	160,772
Decreases	(474,690)	(132)	(16,348)	(491,170)
Transfers between stages				
– Increase	54,532	243	–	54,775
– Decrease	(243)	(54,532)	–	(54,775)
As at 31 December 2024	<u>830,968</u>	<u>164</u>	<u>164,088</u>	<u>995,220</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3 Lifetime ECL	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	(credit- impaired) HK\$'000	
(b) Other receivables, amounts due from the ultimate holding company, a fellow subsidiary and related parties				
Gross carrying amount as at				
1 January 2025	390,415	1,753	63,603	455,771
Increases	259,786	–	9,216	269,002
Decreases	(317,164)	(522)	(11,327)	(329,013)
Derecognise	–	–	(5,713)	(5,713)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>333,037</u>	<u>1,231</u>	<u>55,779</u>	<u>390,047</u>
Gross carrying amount as at				
1 January 2024	520,668	–	69,477	590,145
Increases	66,731	–	32,812	99,543
Decreases	(190,114)	(5,117)	(2,239)	(197,470)
Derecognise	–	–	(36,447)	(36,447)
Transfers between stages				
– Increase	–	6,870	–	6,870
– Decrease	(6,870)	–	–	(6,870)
As at 31 December 2024	<u>390,415</u>	<u>1,753</u>	<u>63,603</u>	<u>455,771</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(c) Financial assets at FVOCI – debt investments				
Gross carrying amount as at 1 January 2025	4,874,331	279,404	41,586	5,195,321
Increases	2,852,234	2,696	–	2,854,930
Decreases	(2,248,328)	(244,052)	(39,670)	(2,532,050)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>5,478,237</u>	<u>38,048</u>	<u>1,916</u>	<u>5,518,201</u>
Gross carrying amount as at 1 January 2024	6,664,002	–	96,667	6,760,669
Increases	236,220	32,599	5,849	274,668
Decreases	(1,771,981)	(7,105)	(59,001)	(1,838,087)
Write-off	–	–	(1,929)	(1,929)
Transfers between stages				
– Increase	–	253,910	–	253,910
– Decrease	(253,910)	–	–	(253,910)
As at 31 December 2024	<u>4,874,331</u>	<u>279,404</u>	<u>41,586</u>	<u>5,195,321</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(d) Loans and advances				
Gross carrying amount as at				
1 January 2025	511,975	–	698,789	1,210,764
Increases	28,400	–	2,851	31,251
Decreases	(511,975)	–	(5,554)	(517,529)
Write-off	–	–	(244,184)	(244,184)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>28,400</u>	<u>–</u>	<u>451,902</u>	<u>480,302</u>
Gross carrying amount as at				
1 January 2024	574,507	–	929,906	1,504,413
Increases	10,328	–	3,995	14,323
Decreases	(72,860)	–	(157,022)	(229,882)
Derecognise	–	–	(78,090)	(78,090)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2024	<u>511,975</u>	<u>–</u>	<u>698,789</u>	<u>1,210,764</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Lifetime ECL (simplified approach) HK\$'000	Total HK\$'000
	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000		

(e) Accounts receivables

Gross carrying amount as at 1 January 2025	–	–	–	912,700	912,700
Increases	–	–	–	4,320	4,320
Reverses	–	–	–	(370,128)	(370,128)
As at 31 December 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>546,892</u>	<u>546,892</u>
Gross carrying amount as at 1 January 2024	–	–	–	481,326	481,326
Increases	–	–	–	443,917	443,917
Reverses	–	–	–	(12,543)	(12,543)
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>–</u>	<u>912,700</u>	<u>912,700</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

The following tables show reconciliation from the opening to the closing balance of an ECL allowance by the stages of assets as at 31 December 2025 and 31 December 2024:

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(a) Margin loans to customers				
As at 1 January 2025	108	–	161,870	161,978
Increases	3	–	–	3
Reverses	(61)	–	(732)	(793)
Write-off	–	–	(145,453)	(145,453)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>50</u>	<u>–</u>	<u>15,685</u>	<u>15,735</u>
As at 1 January 2024	570	50	118,556	119,176
Increases	3	–	43,363	43,366
Reverses	(469)	(46)	(49)	(564)
Transfers between stages				
– Increase	4	–	–	4
– Decrease	–	(4)	–	(4)
As at 31 December 2024	<u>108</u>	<u>–</u>	<u>161,870</u>	<u>161,978</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(b) Other receivables, amounts due from the ultimate holding company, a fellow subsidiary and related parties				
As at 1 January 2025	96	27	63,600	63,723
Increases	611	–	13,236	13,847
Reverses	(71)	(15)	(86)	(172)
Derecognise	–	–	(1,993)	(1,993)
Write-off	–	–	(18,982)	(18,982)
Exchange difference	13	–	2	15
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>649</u>	<u>12</u>	<u>55,777</u>	<u>56,438</u>
As at 1 January 2024	132	1	69,474	69,607
Increases	19	20	32,812	32,851
Reverses	(48)	(1)	(1,428)	(1,477)
Write-off	–	–	(37,258)	(37,258)
Transfers between stages				
– Increase	–	7	–	7
– Decrease	(7)	–	–	(7)
As at 31 December 2024	<u>96</u>	<u>27</u>	<u>63,600</u>	<u>63,723</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(c) Financial assets at FVOCI – debt investments				
As at 1 January 2025	9,276	5,386	350,550	365,212
Increases	1,520	–	22,119	23,639
Reverses	(7,196)	(4,948)	(1,708)	(13,852)
Derecognise	–	–	(161,865)	(161,865)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>3,600</u>	<u>438</u>	<u>209,096</u>	<u>213,134</u>
As at 1 January 2024	9,321	–	1,050,292	1,059,613
Increases	4,635	4,624	93,336	102,595
Reverses	(3,918)	–	(14,013)	(17,931)
Derecognise	–	–	(663,345)	(663,345)
Write-off	–	–	(122,164)	(122,164)
Bad debts recovery	–	–	6,444	6,444
Transfers between stages				
– Increase	–	762	–	762
– Decrease	(762)	–	–	(762)
As at 31 December 2024	<u>9,276</u>	<u>5,386</u>	<u>350,550</u>	<u>365,212</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets			Total HK\$'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK\$'000	Lifetime ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	
(d) Loans and advances				
As at 1 January 2025	228	–	535,547	535,775
Increases	3	–	145,241	145,244
Reverses	(228)	–	(27,675)	(27,903)
Write-off	–	–	(219,994)	(219,994)
Bad debts recovery	–	–	1,416	1,416
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2025	<u>3</u>	<u>–</u>	<u>434,535</u>	<u>434,538</u>
As at 1 January 2024	324	–	463,646	463,970
Increases	5	–	144,179	144,184
Reverses	(101)	–	–	(101)
Derecognise	–	–	(72,278)	(72,278)
Transfers between stages				
– Increase	–	–	–	–
– Decrease	–	–	–	–
As at 31 December 2024	<u>228</u>	<u>–</u>	<u>535,547</u>	<u>535,775</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

	Stage of assets				Total HK\$'000
	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000	Lifetime ECL (simplified approach) HK\$'000	
(e) Accounts receivables					
As at 1 January 2025	–	–	–	709	709
Increases	–	–	–	341	341
Reverses	–	–	–	–	–
As at 31 December 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,050</u>	<u>1,050</u>
As at 1 January 2024	–	–	–	5,392	5,392
Increases	–	–	–	3,737	3,737
Reverses	–	–	–	(986)	(986)
Write-off	–	–	–	(7,434)	(7,434)
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>–</u>	<u>709</u>	<u>709</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

The following tables show the credit exposure to financial instruments as at 31 December 2025 and 31 December 2024:

	Stage of assets			Lifetime ECL (Simplified approach) HK\$'000	Total before impairment allowance HK\$'000	Impairment allowance HK\$'000
	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL (credit-impaired) HK\$'000			
As at 31 December 2025						
Margin loans to customers	382,706	496	15,685	–	398,887	(15,735)
Other receivables, amount due from the ultimate holding company, a fellow subsidiary and related parties	333,037	1,231	55,779	–	390,047	(56,438)
Financial assets at FVOCI – debt investments	5,478,237	38,048	1,916	–	5,518,201	(213,134)
Loans and advances	28,400	–	451,902	–	480,302	(434,538)
Accounts receivables	–	–	–	546,892	546,892	(1,050)
Loan commitments	–	–	–	–	–	–
As at 31 December 2024						
Margin loans to customers	830,968	164	164,088	–	995,220	(161,978)
Other receivables, amount due from the ultimate holding company, a fellow subsidiary and related parties	390,415	1,753	63,603	–	455,771	(63,723)
Financial assets at FVOCI – debt investments	4,874,331	279,404	41,586	–	5,195,321	(365,212)
Loans and advances	511,975	–	698,789	–	1,210,764	(535,775)
Accounts receivables	–	–	–	912,700	912,700	(709)
Loan commitments	67,132	–	–	–	67,132	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

For accounts receivable and margin loans to customers, the market value of securities pledged as collateral held by the Group was greater than outstanding balances.

The table below showed the market value of securities pledged as collateral from clients:

	2025 HK\$'000	2024 HK\$'000
Total market value of securities pledged as collateral in respect of margin loans to customers	2,001,713	2,848,326
Total market value of securities pledged as collateral in respect of overdue accounts receivable – clients	10,183	74,445

Ageing analysis of past due accounts receivable

Accounts receivable

	Less than 30 days HK\$'000	31 to 60 days HK\$'000	61 to 90 days HK\$'000	More than 90 days HK\$'000	Total HK\$'000
At 31 December 2025					
Clients	446	–	–	1	447
Corporate finance services	1,171	971	250	1,393	3,785
Underwriting business	1,806	371	1	2,022	4,200
	3,423	1,342	251	3,416	8,432
At 31 December 2024					
Clients	147	–	–	1	148
Corporate finance services	–	–	–	1,425	1,425
Underwriting business	20	–	–	737	757
	167	–	–	2,163	2,330

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

For loans and advances, the Group assesses the loans using the following credit grading assessment.

Gross loans and advances – grading

	2025 HK\$'000	2024 HK\$'000
Pass	28,400	511,976
Special Mention	–	–
Substandard	–	–
Doubtful	–	–
Loss	451,902	698,788
	480,302	1,210,764

The table below showed the market value of collateral from loans and advances.

	2025 HK\$'000	2024 HK\$'000
Total market value of collateral in respect of loans and advances	255,452	9,506,888

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(b) Credit risk (continued)

Management assessment on economic scenarios, weightings and sensitivity analysis of ECL model

The Group established ECL model by using a statistical approach for financial instruments. This approach involves estimation of four risk parameters, i.e. Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and expected life, as well as the use of effective interest rate ("EIR") and forward-looking information.

To reflect the prevailing market condition, the forward-looking macroeconomic information including unemployment rate, current account balance, total investment balance, volume of imports and exports of goods and services are updated with revision of weightings of its three economic scenarios, i.e. "Optimistic scenario", "Basic scenario" and "Pessimistic scenario". The weighting of "Basic scenario" adopted by the Group overweight the aggregated weighting of non "Basic scenario".

Sensitivity analysis

As at 31 December 2025 and 31 December 2024, sensitivity analysis is conducted for the impact of impairment allowance results against the forward-looking macroeconomic variables on the basis that (i) Optimistic scenario weight increases by 10% and Basic scenario weight is lowered by 10%; (ii) Pessimistic scenario weight increases by 10% and Basic scenario weight is lowered by 10%, as follows:

	31 December			
	2025		2024	
	Optimistic +10%	Pessimistic +10%	Optimistic +10%	Pessimistic +10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans and advances	–	(3)	6	(152)
Debt investments	170	(1,941)	485	(6,946)
Margin loans to customers	–	–	–	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(c) *Liquidity risk*

Liquidity risk refers to the risk of the Group's failure to obtain sufficient funds at a reasonable cost and in a timely manner to pay due debts, perform other payment obligations and satisfy the capital requirements to carry on the Group's businesses in the ordinary course. The licensed subsidiaries are required to maintain at all times liquid capital no less than the stipulated level under the Financial Resources Rules, and report to the SFC respective liquidity positions on a monthly basis. The Group is responsible for the management of liquidity risk with an aim to maintain sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and assessing the ability to close out market positions.

The Finance and Accounting Department is responsible for compiling a daily cash position report in which the information of bank balances and loan balances of different maturities, expected cash inflows and outflows and outstanding loan facilities are all forecasted and computed. The Department would base on the report to monitor daily liquidity risk and consider if any funding is required. Besides, some of the subsidiaries of the Group are regulated by the SFC, those subsidiaries' liquid capital are calculated and assessed daily to fulfil the Financial Resources Rules.

The following table details the maturities analysis at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group is required to pay.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Non derivatives

	On demand or less than 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Undated HK\$'000	Total HK\$'000
At 31 December 2025							
Borrowings	2,990,332	1,982,431	-	-	-	-	4,972,763
Subordinated loans from the ultimate holding company	2,058	-	-	-	-	1,000,000	1,002,058
Obligation under repurchase agreements	412,591	57,511	758,634	1,172,981	296,897	-	2,698,614
Other payables	292,341	-	-	-	-	-	292,341
Accounts payable	206,792	-	-	-	-	-	206,792
Lease liabilities	5,498	10,723	28,829	23,502	-	-	68,552
Debt securities issued	-	-	3,915,968	-	-	-	3,915,968
Financial liabilities at fair value through profit or loss	307,421	-	-	61,571	264,600	-	633,592
	<u>4,217,033</u>	<u>2,050,665</u>	<u>4,703,431</u>	<u>1,258,054</u>	<u>561,497</u>	<u>1,000,000</u>	<u>13,790,680</u>

	On demand or less than 1 month HK\$'000	1 month but less than 3 months HK\$'000	3 months but less than 1 year HK\$'000	1 year but less than 5 years HK\$'000	5 years or above HK\$'000	Undated HK\$'000	Total HK\$'000
At 31 December 2024							
Borrowings	3,349,931	-	-	-	-	-	3,349,931
Subordinated loans from the ultimate holding company	4,270	8,126	37,878	-	-	1,000,000	1,050,274
Obligation under repurchase agreements	194,046	151,941	1,150,218	1,543,507	366,005	-	3,405,717
Other payables	63,931	-	-	-	-	-	63,931
Accounts payable	858,721	-	-	-	-	-	858,721
Lease liabilities	10,024	12,343	61,302	70,261	-	-	153,930
Debt securities issued	-	-	67,778	3,906,889	-	-	3,974,667
Financial liabilities at fair value through profit or loss	256,291	-	-	47,891	306,587	-	610,769
	<u>4,737,214</u>	<u>172,410</u>	<u>1,317,176</u>	<u>5,568,548</u>	<u>672,592</u>	<u>1,000,000</u>	<u>13,467,940</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Capital risk management

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of consolidated statement of financial position, are:

- (i) to comply with the requirements of the Hong Kong Securities and Futures Ordinance ("HKSF") for the Company's licensed subsidiaries in carrying various types of regulated activities;
- (ii) to support the Group's stability and growth;
- (iii) to optimise risk adjusted return to the shareholders; and
- (iv) to maintain a strong capital base to support the development of its business.

The subsidiaries of the Company licensed under the HKSF are also required to maintain adequate financial resources to support their businesses. The Securities and Futures (Financial Resources) Rules require a licensed corporation to maintain liquid capital which is not less than its required liquid capital. During the years, the Company's licensed subsidiaries have maintained adequate liquid capital to meet the requirement. During the years ended 31 December 2025 and 2024, the Company's licensed subsidiaries were regulated by the SFC and complied with the statutory capital requirement.

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of share capital and reserves. The Group's overall strategy has remained unchanged throughout the years.

The Group has Capital Allocation policies. Directors, Finance and Accounting Department and Risk Management Department would discuss at the beginning of each year to set absolute and relative exposure limits of the capital to different classes of assets, after analysing the capital needs, potential returns and business risks of different segments of business. Throughout the year, the usage and allocation of capital would be closely scrutinised to make sure it would not be deviated from its plan. The purpose of these policies is to maximise the shareholders' return within a controllable risk level.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Capital risk management (continued)

	2025 HK\$'000	2024 HK\$'000
Total borrowings (Note 34)	8,658,723	7,780,283
Debt securities issued (Note 35)	3,880,962	3,868,715
	12,539,685	11,648,998
Total equity	938,276	882,748
	1,336.5%	1,319.6%
Gearing ratio		

39.3 Fair value estimation

Certain financial assets and liabilities of the Group are measured at fair value or with fair value disclosed for financial reporting purposes. The fair value has been determined using appropriate valuation techniques and inputs for fair value measurements. The appropriateness of the valuation techniques and the inputs to the fair value measurements are reviewed by the Board of Directors periodically.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial instruments with quoted prices for identical instruments in active markets is determined by the open market quotations. These instruments are classified as Level 1. The Group uses valuation techniques to determine the fair value of financial instruments when an open market quotation in active markets is not obtainable. If the key parameters used in valuation techniques for financial instruments are substantially observable and obtainable from active open market, the instruments are classified as Level 2. The second hierarchy of financial instruments held by the Group includes equity securities, and its fair value is estimated by adopting option pricing methodologies. The main parameters used include the relevant yield curve, exchange rate and level of volatilities etc. All parameters used in valuation techniques are substantially observable and obtainable from active open market.

Level 3 financial instruments are valued using models which utilise observable Level 1 and/or Level 2 inputs, as well as unobservable Level 3 inputs.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

The table below provides further information regarding the valuation of material financial assets and liabilities under Level 3.

As at 31 December 2025	Valuation technique	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss				
Unlisted equities	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	2.8x-29.8x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
Unlisted funds	Allocated net asset value	Net asset value	N/A	(iv)
	Recent transaction price	(i)	N/A	N/A
Preference shares	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	1.7x-9.4x	(iii)
Financial liabilities at fair value through profit or loss				
Financial liabilities to the investors of the funds consolidated	Allocated net asset value	Net asset value	N/A	(iv)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

As at 31 December 2024	Valuation technique	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss				
Club debenture	Recent transaction price	Liquidity discount rate	25%	(ii)
Unlisted equities	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	2.4x-14.9x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
Unlisted funds	Market approach	Sales multiples	1.5x	(iii)
	Allocated net asset value	Net asset value	N/A	(iv)
	Recent transaction price	(i)	N/A	N/A
	Market approach	Volatility	47%	(v)
Preference shares	Recent transaction price	(i)	N/A	N/A
	Market approach	Sales multiples	1.5x-18.7x	(iii)
Financial liabilities at fair value through profit or loss				
Financial liabilities to the investors of the funds consolidated	Allocated net asset value	Net asset value	N/A	(iv)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

- (i) The Directors of the Company consider that the financial position of these investments has no significant change between its recent transaction date/exit date and the reporting date, and hence no adjustment to the recent transaction price/exit price is needed.
- (ii) The higher the discount rate, the lower the fair value.
- (iii) The higher the multiples, the higher the fair value.
- (iv) The higher the net asset value, the higher the fair value.
- (v) The higher the volatility, the lower the fair value.

The following tables present the changes in Level 3 instruments for the year ended 31 December 2025 and for the year ended 31 December 2024.

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through profit or loss		
Beginning of the year	2,998,021	4,008,882
Addition during the year	38,372	7,939
Disposal during the year	(88,994)	(446,878)
Transfer during the year	(41,811)	(233,064)
Net gain/(loss) recognised in profit or loss	16,679	(317,748)
Exchange adjustments	50,839	(21,110)
End of the year (Note 22)	<u>2,973,106</u>	<u>2,998,021</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at fair value through profit or loss		
Beginning of the year	354,478	519,000
Disposal during the year	(20,336)	–
Net gain recognised in profit or loss	(15,189)	(164,522)
Net loss recognised in other comprehensive income	7,218	–
End of the year (Note 22)	326,171	354,478
	2025 HK\$'000	2024 HK\$'000
Derivative financial liabilities		
Beginning of the year	4,365	4,381
Net gain recognised in profit or loss	(103)	(16)
End of the year (Note 22)	4,262	4,365

The Group has adopted consistent and transparent methodology based on these valuation techniques above for determining fair value. Regardless of the valuation methodology used, once used, it should continue to be used until a new methodology provides a better approximation of the investment's current fair value. The management expects that there would not be frequent changes in valuation techniques.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

Sensitivity analysis

The following table details the Group's sensitivity to changes of unobservable inputs. The changes on one or more of the unobservable inputs would materially change the fair value of financial instruments in Level 3. The number shown below indicates an increase in profit after taxation/total assets and other comprehensive income/equity where unobservable inputs have a reasonably possible shift as shown.

Change in net asset value

	2025		2024	
	+10%	-10%	+10%	-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation/total assets	118,568	(118,568)	94,547	(94,547)

Change in adjustment to the recent transaction price/exit price

	2025		2024	
	+10%	-10%	+10%	-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation/total assets	61,155	(61,155)	43,704	(43,704)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Fair value estimation (continued)

Sensitivity analysis (continued)

Change in volatility

	2025		2024	
	+10%	-10%	+10%	-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation/total assets	<u>-</u>	<u>-</u>	<u>(588)</u>	<u>564</u>

Change in multiples

	2025		2024	
	+10%	-10%	+10%	-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impact on profit after taxation/total assets	<u>27,800</u>	<u>(28,850)</u>	<u>58,915</u>	<u>(59,120)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.4 Offsetting financial assets and financial liabilities

The Group has net off the financial assets and financial liabilities with counterparties and clearing house for unsettled trades.

(a) *Financial assets*

As at 31 December 2025	Gross amount of recognised financial assets HK\$'000	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000
Accounts receivable from			
– Clients	170,404	–	170,404
– Brokers	165,101	(1,289)	163,812
– Clearing house	202,144	(729)	201,415
Margin loans to customers	<u>464,932</u>	<u>(81,780)</u>	<u>383,152</u>
Total, net of impairment allowance	<u>1,002,581</u>	<u>(83,798)</u>	<u>918,783</u>

As at 31 December 2024	Gross amount of recognised financial assets HK\$'000	Gross amount of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000
Accounts receivable from			
– Clients	131,334	–	131,334
– Brokers	98,167	(6,969)	91,198
– Clearing house	1,137,936	(450,407)	687,529
Margin loans to customers	<u>900,969</u>	<u>(67,727)</u>	<u>833,242</u>
Total, net of impairment allowance	<u>2,268,406</u>	<u>(525,103)</u>	<u>1,743,303</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT (continued)

39.4 Offsetting financial assets and financial liabilities (continued)

(b) Financial liabilities

As at 31 December 2025	Gross amount of recognised financial liabilities HK\$'000	Gross amount of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000
Accounts payable to			
– Clients	125,423	(81,780)	43,643
– Clearing house	136,903	(729)	136,174
– Brokers	28,264	(1,289)	26,975
Total	290,590	(83,798)	206,792

As at 31 December 2024	Gross amount of recognised financial liabilities HK\$'000	Gross amount of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000
Accounts payable to			
– Clients	692,417	(67,727)	624,690
– Clearing house	453,588	(450,407)	3,181
– Brokers	237,819	(6,969)	230,850
Total	1,383,824	(525,103)	858,721

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2025 HK\$'000	31/12/2024 HK\$'000
Non-current Assets		
Property and equipment	19,772	17,324
Right-of-use assets	35,547	76,717
Interest in subsidiaries	3,920,770	3,777,022
Interest in joint ventures	847,988	847,988
Subordinated loans to subsidiaries	1,698,760	1,697,140
Financial assets at fair value through other comprehensive income	1,916	229,117
Loans and advances	26,322	11,568
Total non-current assets	6,551,075	6,656,876
Current Assets		
Loans and advances	19,442	663,421
Other receivables and prepayments	59,624	64,607
Amount due from the ultimate holding company	–	1,338
Amounts due from subsidiaries	5,997,074	3,798,582
Financial assets at fair value through other comprehensive income	231,937	21,677
Financial assets at fair value through profit or loss	2,073,839	2,044,002
Derivative financial assets	–	24
Cash and bank balances	140,140	36,210
Total current assets	8,522,056	6,629,861
Total assets	15,073,131	13,286,737
Equity and liabilities		
Equity attributable to shareholders of the Company		
Share capital	3,909,555	3,909,555
Accumulated losses	(2,360,206)	(1,892,454)
Revaluation reserve	(2,429)	(14,058)
Total equity	1,546,920	2,003,043

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	31/12/2025 HK\$'000	31/12/2024 HK\$'000
Non-current Liabilities		
Lease liabilities	11,531	34,563
Total non-current liabilities	11,531	34,563
Current Liabilities		
Borrowings	4,960,109	3,374,566
Obligation under repurchase agreements	121,278	–
Provision for staff costs	98,867	84,862
Other payables and accrued expenses	39,127	32,468
Contract liabilities	871	9,464
Lease liabilities	25,091	41,296
Amount due to the ultimate holding company	2,479	–
Amounts due to subsidiaries	8,262,870	7,702,422
Derivative financial liabilities	3,988	4,053
Total current liabilities	13,514,680	11,249,131
Total liabilities	13,526,211	11,283,694
Total equity and liabilities	15,073,131	13,286,737
Net current liabilities	(4,992,624)	(4,619,270)
Total assets less current liabilities	1,558,451	2,037,606

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 25 March 2026 and signed on its behalf by:

Xiao Ting,
Chairman & Non-executive Director

Xie Jie,
Chief Executive Officer

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

41. RESERVE OF THE COMPANY

	Accumulated losses HK\$'000	Revaluation reserve HK\$'000
At 1 January 2024	<u>(818,523)</u>	<u>(43,695)</u>
Loss for the year	(1,073,931)	–
Other comprehensive income for the year	<u>–</u>	<u>29,637</u>
Total comprehensive income for the year	<u>(1,073,931)</u>	<u>29,637</u>
Final dividend for 2023	<u>–</u>	<u>–</u>
At 31 December 2024	<u>(1,892,454)</u>	<u>(14,058)</u>
At 1 January 2025	<u>(1,892,454)</u>	<u>(14,058)</u>
Loss for the year	(459,930)	–
Other comprehensive income for the year	<u>(7,822)</u>	<u>11,629</u>
Total comprehensive income for the year	<u>(467,752)</u>	<u>11,629</u>
Final dividend for 2024	<u>–</u>	<u>–</u>
At 31 December 2025	<u>(2,360,206)</u>	<u>(2,429)</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

42. CASH HELD ON BEHALF OF BROKERAGE CLIENTS AND ASSET MANAGEMENT CLIENTS

The Group maintains segregated client accounts with licensed banks to hold client monies arising from normal business transactions in connection with the Group's brokerage and asset management business.

The Group

(a) Segregated client accounts with HKFE Clearing Corporation Limited ("HKCC")

	2025 HK\$'000	2024 HK\$'000
Segregated client accounts with HKCC	<u>10,628</u>	<u>13,272</u>

(b) Segregated client accounts with SEHK Options Clearing House Limited ("SEOCH") in conjunction with its futures and options business

	2025 HK\$'000	2024 HK\$'000
Segregated client accounts with SEOCH	<u>36,972</u>	<u>25,568</u>

(c) Segregated client accounts with authorised institutions ("AIs") as a result of its normal business transactions, which are not otherwise dealt within the financial information

	2025 HK\$'000	2024 HK\$'000
Segregated client accounts with AIs	<u>4,427,968</u>	<u>2,868,748</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

43. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Borrowings HK\$'000	Obligation under repurchase agreements HK\$'000	Lease liabilities HK\$'000	Debt securities issued HK\$'000	Total HK\$'000
At 1 January 2024	5,481,264	4,776,485	145,165	3,891,207	14,294,121
Net repayment	(1,044,412)	–	–	–	(1,044,412)
Decrease in obligation under repurchase agreements	–	(1,347,232)	–	–	(1,347,232)
New lease entered/lease modified	–	–	89,216	–	89,216
Lease disposals	–	–	(371)	–	(371)
Capital element of lease rentals paid	–	–	(83,662)	–	(83,662)
Interest element of lease rentals paid	–	–	(3,813)	–	(3,813)
Interest expenses	–	–	3,813	70,614	74,427
Cash payments for interest on debt securities issued	–	–	–	(68,075)	(68,075)
Foreign exchange adjustments	(62,286)	(23,536)	(2,581)	(25,031)	(113,434)
At 31 December 2024	4,374,566	3,405,717	147,767	3,868,715	11,796,765
Net drawdown	1,528,015	–	–	–	1,528,015
Decrease in obligation under repurchase agreements	–	(712,617)	–	–	(712,617)
New lease entered/lease modified	–	–	18,040	–	18,040
Lease disposals	–	–	(26,924)	–	(26,924)
Capital element of lease rentals paid	–	–	(73,743)	–	(73,743)
Interest element of lease rentals paid	–	–	(3,503)	–	(3,503)
Interest expenses	–	–	3,503	71,280	74,783
Cash payments for interest on debt securities issued	–	–	–	(68,158)	(68,158)
Foreign exchange adjustments	57,528	5,514	1,870	9,125	74,037
At 31 December 2025	5,960,109	2,698,614	67,010	3,880,962	12,606,695

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

Glossary

"Articles of Association"	the articles of association of the Company, which became effective on the Listing Date
"AUM"	the total amount of assets under management
"Board" or "Board of Directors"	the board of Directors of the Company
"BOCOM"	Bank of Communications Co., Ltd. (交通銀行股份有限公司), established in 1908, a company registered in the PRC as a joint stock limited liability company on 24 December 2004, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, and the ultimate controlling Shareholder of the Company
"BOCOM (Hong Kong Branch)"	the Hong Kong Branch of BOCOM
"BOCOM Financial Technology"	BOCOM Financial Technology Company Limited (交銀金融科技有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
"BOCOM Group"	BOCOM and its subsidiaries (excluding the Group)
"BOCOM International (Shanghai)"	BOCOM International (Shanghai) Equity Investment Management Co., Ltd. (交銀國際(上海)股權投資管理有限公司), a company incorporated in the PRC with limited liability on 25 October 2010 and a subsidiary of the Company
"BOCOM International (Shenzhen)"	BOCOM International Private Equity Fund Management (Shenzhen) Company Limited (交銀國際私募股權基金管理(深圳)有限公司), a company incorporated in the PRC with limited liability on 3 February 2016 and a subsidiary of the Company
"BOCOM Nominee"	Bank of Communications (Nominee) Company Limited, a company incorporated in Hong Kong with limited liability on 21 August 1981 and a subsidiary of BOCOM and a Shareholder of the Company holding Shares on trust for BOCOM

Glossary (Continued)

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "BOCOM International"	BOCOM International Holdings Company Limited (交銀國際控股有限公司), a company incorporated in Hong Kong with limited liability on 3 June 1998, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"Expectation Investment"	Expectation Investment Limited, a company incorporated in Hong Kong with limited liability on 29 January 1997, an indirect subsidiary of BOCOM and a Shareholder of the Company
"Group" or "we" or "us"	the Company and its subsidiaries
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IPO(s)"	initial public offering(s)
"Listing Date"	19 May 2017, the date on which the Shares were first listed on the Stock Exchange and from which dealings in the Shares on the Stock Exchange commenced
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC" or "China"	the People's Republic of China

Glossary (Continued)

"QDIE"	Qualified Domestic Investment Entity
"QFLP"	Qualified Foreign Limited Partnership
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange" or "SEHK" or "HKEX" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US" or "United States"	the United States of America
"USD" or "US\$"	United States dollars, the lawful currency of the United States
"Year" or "Reporting Period"	the year ended 31 December 2025



交銀國際控股有限公司

BOCOM International Holdings Company Limited

www.bocomgroup.com

