CTF SERVICES LIMITED

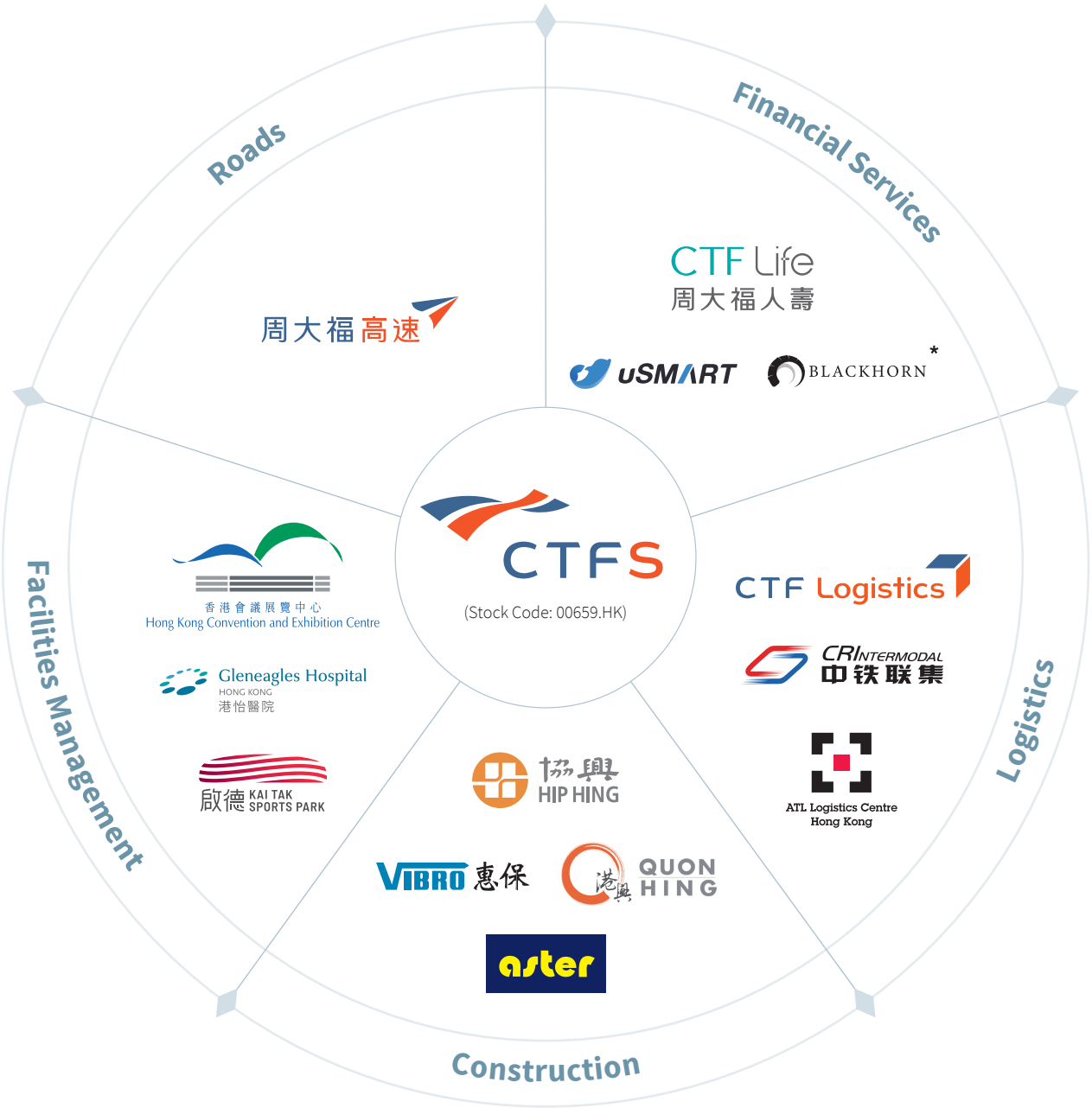
(Incorporated in Bermuda with limited liability)

Stock code: 659

Annual Report 2026

Corporate Profile

Listed on The Stock Exchange of Hong Kong Limited, CTF Services Limited (Hong Kong Stock Code: 00659) is a conglomerate with a diversified portfolio of market-leading businesses, predominantly in Hong Kong and Chinese Mainland. The Group's businesses include financial services, toll roads, logistics, construction, and facilities management. Through the Group's sustainable business model, it is committed to creating more value for all stakeholders and the community.



* Completed acquisition in July 2026

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Where the English and the Chinese texts conflict, the English text prevails.

This annual report is also available at www.ctfs.com.hk.

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Chairman's Statement





Dear Shareholders,

Disciplined Stewardship Paves the Way to Capture Strategic Opportunities

The Group advanced through a year characterized by complex structural shifts and distinct emerging opportunities. Operating against a backdrop of geopolitical fragmentation, diverging monetary policies and uneven sectoral recovery, we drew strength from capital market stabilization and the transformative potential of artificial intelligence shaping our broader operating environment. Guided by prudent stewardship and operational excellence, the Group executed decisively to capture structural tailwinds, allocating resources toward high-conviction platforms that enhance our recurring earnings base and drive sustainable long-term growth.

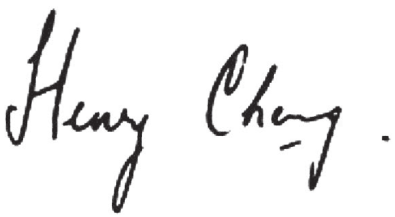
Our portfolio repositioning is yielding clear, tangible results. Financial Services segment emerged as the Group's primary earnings engine for the first time, validating our multi-year strategic pivot following the acquisition of Chow Tai Fook Life Insurance Company Limited (previously known as FTLife Insurance Company Limited) in 2019 and our continued buildout of a broader financial ecosystem. In Logistics segment, building upon the strong foundation laid since acquiring our premium platform and assets in the Chinese Mainland in 2022, we expanded into the Yangtze River Delta and the Greater Bay Area, effectively doubling our assets under management. Furthermore, we are taking our initial steps into digital infrastructure, securing utility-like assets with contracted cash flows positioned to capture the exponential surge in demand driven by artificial intelligence advancements.

Underpinning this proactive portfolio refinement is our unwavering commitment to dynamic capital recycling and prudent risk management. While we deploy capital into growth engines that align with secular market trends, we continue to monetize mature assets at attractive valuations in a disciplined manner. This systematic approach strengthens our returns profile, preserves high liquidity, and maintains the agility needed to act decisively through cycles and as a result, our diversified business portfolio enhances future earnings quality across evolving economic landscapes, increases cash flow visibility, and reinforces overall resilience.

Our underlying financial strength remains robust. Driven by active balance sheet management, diversified funding sources, and an uncompromising commitment to financial discipline, our solid capital foundation underpins our capacity to maximize shareholder returns. We are pleased to mark our 23rd consecutive year of ordinary dividend distributions, a record that underscores our strong cash generation and consistent dedication to deliver sustainable and progressive dividend policy, while retaining ample liquidity to fund strategic development.

Enduring value creation must be anchored in more than financial performance alone. We believe sustainable success requires us to think beyond traditional measures of performance. At CTFS, ESG is embedded in how we allocate capital, shape our portfolio and manage risk. Every new investment is evaluated against rigorous sustainability benchmarks to ensure that our growth remains resilient and responsible over the long term. By leveraging our resources, expertise and partnerships, we seek to create value that extends beyond financial returns, strengthening our businesses, supporting our communities and enhancing long-term outcomes for all stakeholders.

Looking ahead, the Group will continue to evolve with the market, maintaining our focus on core platforms where the Group possesses distinct operating expertise, financial strength, and market conviction. Guided by cash flow stability, prudent capital allocation, and disciplined capital recycling, the Group is well-positioned to navigate near-term market volatility and unlock sustainable long-term value for shareholders.



Dr. Cheng Kar Shun, Henry *GBM, GBS*
Chairman
Hong Kong, 24 September 2026

Business Segments and Company Highlights

BUSINESS SEGMENT HIGHLIGHTS

(For the financial year ended 30 June 2026)

Financial Services

Chow Tai Fook Life Insurance Company Limited
(with 40-year legacy in Hong Kong)

Embedded Value was **HK$28.4 billion**

HKRBC Solvency Ratio was **285%** (one of the highest among Hong Kong insurers)

Top-notch global credit ratings

FitchRatings **A-**

Moody's **A3**

uSmart Inlet Group Ltd

a leading technology-driven financial services company

Roads

13 toll road projects across the Chinese Mainland with total length of c. 880 km

the overall average remaining concession period of the Group's road portfolio was c.**11** years

Construction

Hip Hing Group, Vibro Group, Quon Hing Group, and Hsin Chong Aster, collectively formed CTFS Construction Group

Gross value of contracts on hand amounted to c. **HK$62.7 billion**

Logistics

ATL Logistics Centre – **convenient location** in Hong Kong with **ramp access** to all floors

11 logistics properties in Chengdu, Wuhan, Suzhou, Dongguan, Shanghai, Ningbo and Changzhou

China United International Rail Containers Co., Limited – **13 large-scale rail container terminals** in the Chinese Mainland

Facilities Management

Hong Kong Convention and Exhibition Centre – **a world-class convention and exhibition centre**

Gleneagles Hospital Hong Kong – a leading private hospital with **35+ specialties and subspecialties**

Kai Tak Sports Park – Hong Kong's **first multi-purpose sports, entertainment and leisure precinct**

COMPANY HIGHLIGHTS

(For the financial year ended 30 June 2026)

HOW CTFS CREATES LONG-TERM SHAREHOLDER VALUE

Operational excellence across diversified businesses delivers **resilient earnings** and **robust cash generation**

Disciplined capital recycling enhances portfolio quality by reallocating capital to higher-growth, scalable and recurring-income businesses

Strategic emphasis on **Financial Services** and **Logistics** segments positions the Group to capture long-term growth opportunities and create sustainable value

Prudent balance sheet management and diversified funding sources underpin **financial resilience and flexibility**

23 consecutive years of dividend payments reflect the Group's financial strength and a commitment to **sustainable and progressive dividend policy**

Renewed Stock Connect eligibility broadens investor access, improves trading liquidity and supports shareholder base diversification

DOMESTIC AND INTERNATIONAL RATINGS

MSCI ESG RATINGS AA * As of Jun 2026

The Hang Seng Corporate Sustainability Index Assessment
AAA SUSTAINABILITY HKQAA 2026-2027

A+ POSITIVE OUTLOOK Japan Credit Rating Agency, Ltd.

AAA STABLE OUTLOOK 联合资信评估股份有限公司 China Lianhe Credit Rating Co.,Ltd.

* The use by CTF Services Limited of any MSCI Solutions LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of CTF Services Limited by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided `as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Financial Highlights

	2026 HK$'m	2025 HK$'m	Change % Inc./(Dec.)
Revenue	**27,099.7**	24,285.3	12
Profit attributable to shareholders of the Company	**2,392.6**	2,162.0	11
Attributable Operating Profit	**4,590.6**	4,466.2	3
Adjusted EBITDA	**7,394.5**	7,315.8	1
Dividend per share			
— Ordinary dividend	**HK$0.61**[1]	HK$0.65	3[2]
— Special dividend	**–**	HK$0.30	N/A
Total dividend			
— Ordinary dividend	**2,785.4**	2,624.1	6
— Special dividend	**–**	1,201.6	N/A

	2026 HK$'m	2025 HK$'m	Change % Inc./(Dec.)
Total assets	**191,157.6**	172,895.6	11
Net Assets	**42,091.4**	39,881.7	6
Underlying Return on Equity	**8%**	8%	–
Cash and bank balances	**20,760.7**	20,210.7	3
Net Debt	**11,654.5**[3]	14,651.1	(20)
Net Gearing Ratio	**28%**[3]	37%	↓ 9 ppt

Remarks:

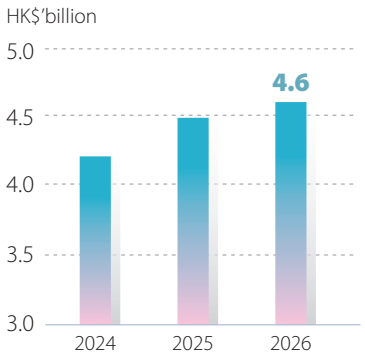
(1) The total ordinary dividends for FY2026 of HK$0.61 per share is not directly comparable with the ordinary dividends for FY2025 of HK$0.65 per share due to the enlarged share capital base following the 1-for-10 bonus issue in December 2025.

(2) Representing a 3% increase on a comparable basis after adjusting the FY2025 total ordinary dividend per share to reflect the enlarged share capital base following the 1-for-10 bonus issue in December 2025.

(3) HK$2,218 million 0.75% exchangeable bonds due 2028 (the "0.75% Exchangeable Bonds") are being accounted for as financial liabilities at FVPL and are excluded from both the net debt and net gearing ratio calculations. If the 0.75% Exchangeable Bonds were included as debt, the net debt and net gearing ratio would be HK$13.8 billion and 33% as at 30 June 2026 respectively.

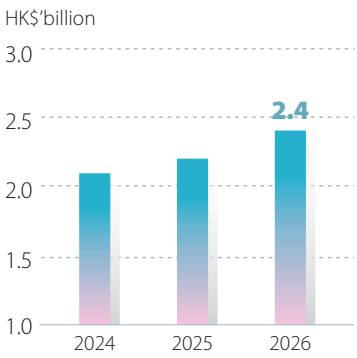
AOP

for the year ended 30 June



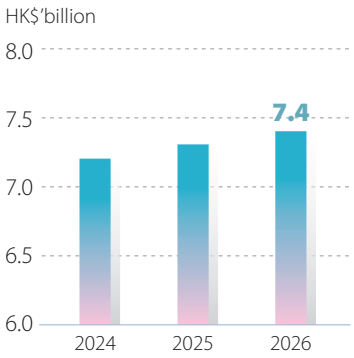
Profit attributable to shareholders of the Company

for the year ended 30 June



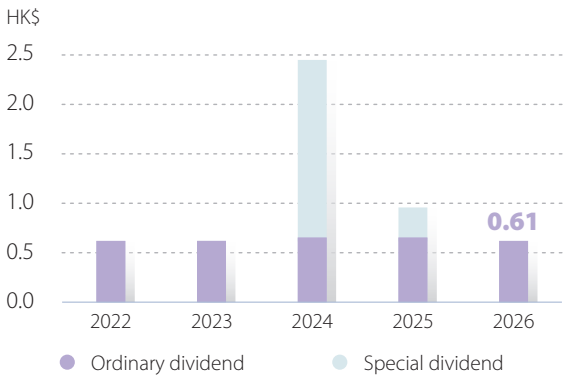
Adjusted EBITDA

for the year ended 30 June



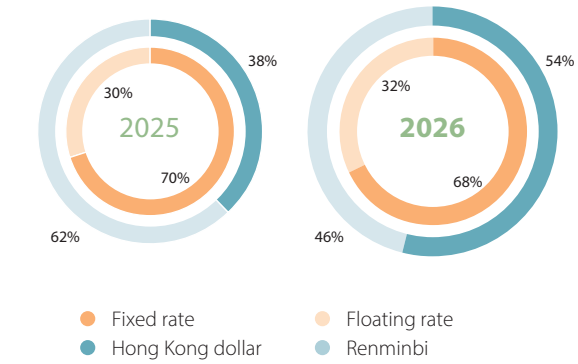
Dividend Per Share

for the year ended 30 June



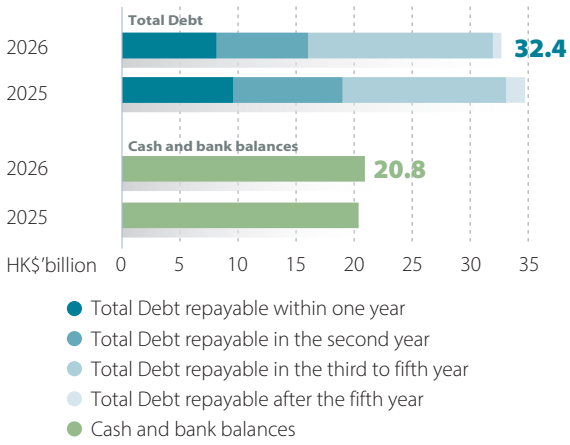
Debt Profile

as at 30 June



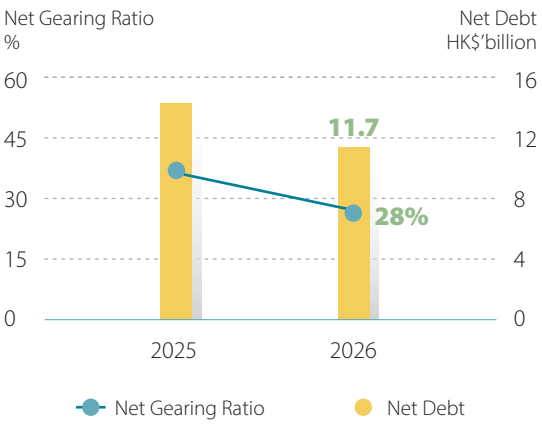
Cash and Bank Balances and Total Debt

as at 30 June



Net Gearing Ratio and Net Debt

as at 30 June



Management Discussion and Analysis

BUSINESS REVIEW

Group overview

Against a backdrop of persistent macroeconomic uncertainty and subdued market conditions, the Group delivered a resilient performance in FY2026. AOP registered a 3% year-on-year increase to HK$4,590.6 million. The net non-operating loss in FY2026 mainly included fair value losses on investment properties, impairment/remeasurement losses associated with the Roads segment and losses relating to a disposal of an investment under the Strategic Investments segment. Profit attributable to shareholders of the Company rose 11% year-on-year to HK$2,392.6 million. Overall, the result demonstrates the quality of the Group's diversified business portfolio, the effective execution of its continuous portfolio optimization strategy, and disciplined financial management.

The Group's earnings profile continued to evolve during FY2026. The Financial Services segment became the largest AOP contributor for the first time, underpinned by solid growth in the insurance business. This was partly offset by a weaker contribution from the Logistics segment due to the impact of deferred tax provision as well as reflecting challenging market conditions despite signs of stabilization. The Group's earnings remained geographically diversified with dual core regions, Hong Kong contributing 63% of AOP (FY2025: 58%) and the Chinese Mainland contributing 33% of AOP in FY2026 (FY2025: 40%). Adjusted EBITDA increased by 1% year-on-year to HK$7,394.5 million, while basic earnings per share rose to HK$0.53, representing year-on-year growth of 8%[1].

The Group advanced with its portfolio optimization strategy in FY2026, recycling capital from mature, traditional infrastructure assets into businesses with better long-term growth prospects, higher scalability and greater recurring income potential. In line with this strategy, the Group broadened its logistics platform through the acquisition of four logistics properties in the Greater Bay Area and the Yangtze River Delta, further deepening its presence in key economic regions of the Chinese Mainland. In September 2026, the Group completed its acquisition of another logistics property in Jiaxing City, Zhejiang Province, creating a larger asset cluster in the Yangtze River Delta and providing further operating efficiencies, portfolio synergies and tenant servicing capabilities. As part of its efforts to build scalable businesses with attractive recurring income characteristics, the Group has, up to the date of this annual report, also expanded its exposure to AI-related infrastructure by entering into agreements to acquire a 70% equity interest in an AIDC project in Hebei Province and a 40% equity interest in an AIDC project in Malaysia. Together, these investments strengthen the Group's presence in logistics and digital infrastructure, positioning it to benefit from growing demand for high-standard warehouses and AI-related infrastructure.

In parallel with the expansion of the logistics platform, the Group enhanced its Financial Services segment by broadening the wealth management capabilities. During FY2026, the Group acquired a 13.05% stake in uSMART, a technology-driven financial services provider. In July 2026, the Group completed the acquisition of a 65% equity interest in Blackhorn, an external asset manager. Collectively, these investments significantly broaden the Group's wealth management platform by extending its product offerings, widening customer reach and adding advisory and asset management capabilities to better capture and serve the growing number of high-net-worth customers.

[1] Compared to basic earnings per share for FY2025 as adjusted to HK$0.49 per share for the bonus shares allotted and issued in December 2025.

Beyond Logistics and Financial Services segments, the Group selectively invested in next-generation infrastructure aligned with long-term structural growth trends. During FY2026, the Group partnered with Unisun to develop BESS projects in Finland to address intermittency arising from the large-scale transition towards green energy. The investment reflects the Group's disciplined approach to identifying opportunities with sustainable long-term demand drivers and expansion potential.

The capital expenditure requirements associated with all these new investments were/will be funded by the Group's internal resources and/or available external financing.

Alongside new investments, the Group continued its capital recycling initiatives to enhance portfolio quality and improve capital efficiency. During FY2026, the Group aimed to monetize its investment in Shoucheng within the Strategic Investments segment through the issuance of 0.75% Exchangeable Bonds, thereby unlocking value and strengthening its financial flexibility to support future growth initiatives. The Group also announced the disposal of its entire interests in Hunan Changliu Expressway in May 2026, enabling capital to be deployed from a mature infrastructure asset into businesses with greater strategic relevance and growth prospects. As at 30 June 2026, the assets of Hunan Changliu Expressway, together with its associated liabilities, were classified as held-for-sale and the transaction was subsequently completed in July 2026.

These strategic initiatives were underpinned by balance sheet resilience and disciplined financial management. During FY2026, the Group maintained stable borrowing costs at approximately 4.1% per annum (FY2025: approximately 4.1%) despite a dynamic interest rate environment, while optimizing its debt mix and risk profile. Favourable movements in the Secured Overnight Financing Rate contributed to an 11% reduction in profit attributable to holders of perpetual capital securities. During the year, in view of the expected appreciation of RMB against the Hong Kong dollar, the Group proactively reduced its RMB borrowings used as a natural hedge against RMB-denominated assets. As a result, RMB debt decreased to approximately 46% of total debt as at 30 June 2026, down from approximately 62% a year earlier. The ratio of RMB liabilities to RMB assets also moderated to approximately 62% as at 30 June 2026 from approximately 80% as at 30 June 2025, allowing the Group to benefit from greater net exposure to RMB assets while maintaining prudent balance sheet management.

The Group continued to maintain diversified funding sources and strong access to capital markets. Consistent with its strategy of reducing exposure to RMB borrowings, the Company fully redeemed the first tranche of RMB1.5 billion Panda Bonds using internal resources upon maturity in May 2026. The Company secured approval for up to RMB5.0 billion of debt financing instruments under the 2026 Panda Bond Programme, providing additional flexibility to access the onshore debt market in the future. In addition, following the issuance and subsequent conversion of HK$850 million 2.8% convertible bonds due 2027 (the "2.8% Convertible Bonds"), the public float of shares of the Company increased to approximately 26.63% as at 30 June 2026, which was above the minimum percentage prescribed under the Listing Rules. This helped to further enhance share liquidity and support the Company's ability to attract a broader base of quality investors.

The Group's disciplined financial management was further reflected in its robust credit profile. China Lianhe Credit Rating Co., Ltd. reaffirmed the Company's "AAA" rating with a stable outlook. Japan Credit Rating Agency, Ltd. also affirmed the Company's "A+" Foreign Currency and Local Currency Long-term Issuer Ratings for the third consecutive year and raised the rating outlook to "Positive" from "Stable". These ratings reflect external recognition of the Group's financial resilience, improving business profile and continued access to diversified funding channels.

Reflecting its commitment to ESG principles, the Group expanded its sustainable financing platform. The Group has made solid progress in sustainable financing and remains fully on track to meet its target under "*Breakthrough 2050*". As at 30 June 2026, sustainability-linked and green facilities totalled approximately HK$20.2 billion (30 June 2025: approximately HK$18.6 billion), representing approximately 45% (30 June 2025: approximately 39%) of total bond and loan facilities.

With ongoing portfolio optimization initiatives, disciplined capital allocation and prudent leverage management, the Group's financial position strengthened further during FY2026. Debt maturing within one year decreased by 16% year-on-year, from approximately HK$9.4 billion as at 30 June 2025 to approximately HK$7.9 billion as at 30 June 2026. Total available liquidity stood at approximately HK$31.3 billion, comprising cash and bank balances of approximately HK$20.8 billion and unutilized committed banking facilities of approximately HK$10.5 billion. The Net Debt decreased by 20% year-on-year to approximately HK$11.7 billion, while the Net Gearing Ratio decreased to 28%[2] from 37% as at 30 June 2025, reinforcing the Group's capacity to pursue future growth opportunities while maintaining financial resilience.

Supported by robust recurring cash flow from its diversified earnings base, strong balance sheet and ample liquidity, the Group remains committed to delivering a sustainable and progressive dividend policy. The aim of its dividend policy is to steadily increase or at least maintain the Hong Kong dollar value of total ordinary dividend annually. The prospective total dividend growth, however, remains dependent upon the financial performance and future funding needs of the Group.

For FY2026, the Board has resolved to recommend a final ordinary dividend of HK$0.33 per share[3], representing approximately 4% year-on-year increase on a comparable basis, after adjusting the FY2025 final ordinary dividend per share to reflect the enlarged share capital base following the 1-for-10 bonus issue in December 2025. Together with the interim ordinary dividend of HK$0.28 per share distributed earlier in the year, the total ordinary dividends for FY2026 will amount to HK$0.61 per share[3]. This marks the Group's 23rd consecutive year of ordinary dividend distribution, reflecting its commitment to sustainable and progressive shareholder returns. The total ordinary dividends amount for FY2026 will be increased by approximately 6% year-on-year to HK$2.8 billion, underscoring the Group's commitment to progressive shareholder returns supported by the strong cash flow generation of its diversified business portfolio.

In addition, the Board has proposed a bonus issue of shares on the basis of one bonus share for every ten existing shares held by the Shareholders whose names appear on the register of members of the Company on 23 November 2026 (the "Bonus Issue"). The Bonus Issue is intended to allow Shareholders to receive a pro-rata increase in their shares in the Company at no additional cost. The Board believes that the Bonus Issue will help enhance the liquidity of the Company's shares in the market and represents an appropriate and balanced way to recognize the long-standing support of Shareholders.

[2] The 0.75% Exchangeable Bonds, which are accounted for as financial liabilities at fair value through profit or loss, are excluded from both the Net Debt and Net Gearing Ratio calculations. If the 0.75% Exchangeable Bonds were included as debt, the net gearing ratio would be 33% as at 30 June 2026.

[3] The proposed final ordinary dividend of HK$0.33 per share and the total ordinary dividends of HK$0.61 per share for FY2026 are not directly comparable with the final ordinary dividend of HK$0.35 per share and the total ordinary dividends of HK$0.65 per share for FY2025, respectively, due to the effect of the 1-for-10 bonus issue in December 2025.

Profit Contribution

For the year ended 30 June

	2026 HK$'m	2025 HK$'m
Attributable Operating Profit	**4,590.6**	4,466.2
Non-operating items		
Loss on fair value of investment properties, net of tax	**(268.6)**	(447.9)
Remeasurement, impairments and provisions, net	**(235.8)**	(645.5)
Net loss on disposal of projects	**(116.3)**	(152.8)
Share of non-operating income of an associated company and joint ventures, net	**25.4**	575.7
Gain on fair value of exchangeable bonds	**70.0**	–
Share-based payment	**(77.0)**	(24.3)
Unallocated corporate office items		
Net finance costs	**(1,048.8)**	(1,010.1)
Expenses and others	**(367.7)**	(397.0)
	(2,018.8)	(2,101.9)
Profit for the year after tax and non-controlling interests[1]	**2,571.8**	2,364.3
Profit attributable to:		
Shareholders of the Company	**2,392.6**	2,162.0
Holders of perpetual capital securities	**179.2**	202.3
	2,571.8	2,364.3

Note:

(1) Reconciliation from Attributable Operating Profit to profit for the year after tax and non-controlling interests and related details of reconciling to consolidated income statement and notes thereto are set out in note 6 to the consolidated financial statements.

Adjusted EBITDA

For the year ended 30 June

	2026 HK$'m	2025 HK$'m
Operating profit	**3,731.5**	3,232.6
Adjustments		
Depreciation and amortization[1]	**1,919.8**	1,813.7
Other non-operating/non-cash items		
Loss on fair value of investment properties[2]	**115.5**	582.7
Impairment loss on intangible concession rights[2]	**105.0**	311.9
Remeasurement loss on assets classified as held-for-sale[2]	**73.7**	–
Impairment loss related to an associated company[2]	**37.2**	–
Loss on partial disposal of interest in an associated company[2]	**116.3**	–
Profit on disposal of assets held-for-sale[2]	**–**	(42.7)
Fair value change of financial liabilities at FVPL[2]	**(70.0)**	–
Share-based payment[3]	**77.0**	24.3
Dividends received from associated companies and joint ventures[4]	**1,112.0**	1,201.2
Other adjustments[5]	**176.5**	192.1
Adjusted EBITDA	**7,394.5**	7,315.8

Notes:

(1) Being the sum of amortization of intangible assets and intangible concession rights as well as depreciation of property, plant and equipment and right-of-use assets as individually disclosed in note 7 to the consolidated financial statements.

(2) As disclosed in note 8 to the consolidated financial statements.

(3) As disclosed in note 10(a) to the consolidated financial statements.

(4) As disclosed in the consolidated statement of cash flows.

(5) Adjustments are mainly to include dividends from an associated company and a joint venture which were reinvested by the Group as disclosed in notes 21(f) and 22(g) to the consolidated financial statements respectively.

OPERATIONAL REVIEW

AOP Contribution by Segment

For the year ended 30 June

	2026 HK$'m	2025 HK$'m	Change % Fav./(Unfav.)
Financial Services	**1,474.7**	1,242.1	19
Roads	**1,442.8**	1,439.4	–
Logistics	**645.0**	740.4	(13)
Construction	**688.9**	719.3	(4)
Facilities Management	**87.8**	88.5	(1)
Strategic Investments	**251.4**	236.5	6
Total	**4,590.6**	4,466.2	3

Financial Services

The Financial Services segment became the Group's largest AOP contributor in FY2026, reflecting the continued shift of the Group's portfolio towards businesses with higher growth potential and more recurring earnings streams. Segment AOP rose by 19% to HK$1,474.7 million, primarily driven by higher CSM release from CTF Life. The result reflects the growing scale and earnings contribution of the insurance business, as well as disciplined execution across the segment. Earnings quality also remained resilient, supported by recurring profit contribution from the insurance business.

The quality of CTF Life's earnings strengthened during the year. CSM release rose 21% year-on-year to HK$1,368 million, while CSM balance, net of reinsurance, grew 22% to HK$11.3 billion as at 30 June 2026, driven by profitable new business growth and favourable investment performance. In addition, VONB increased by 30% year-on-year to HK$1,308 million, while VONB margin, calculated as VONB divided by APE, expanded to 37% in FY2026 from 30% in FY2025, reflecting a more favourable product mix and successful product repricing initiatives. Together, these indicators demonstrate CTF Life's growing earnings capacity and provide greater visibility over future earnings.

Business momentum remained broad-based across products, distribution channels and customer segments. APE grew by 7% year-on-year to HK$3,540 million, while new business premium increased by 74% year-on-year to HK$9,333 million. The stronger growth in new business premium primarily reflected a higher contribution from single premium products during the year, alongside continued customer demand across the product portfolio. Growth was further aided by the ongoing enhancement of CTF Life's diversified distribution platform.

The agency channel delivered strong underlying growth, with APE rising 10% year-on-year to HK$1,106 million and new business premium increasing 85% year-on-year to HK$2,945 million. New business premium growth significantly outpaced the 6% increase in agency headcount to over 2,200 agents as at 30 June 2026, reflecting enhanced productivity, more effective sales execution and a higher-calibre agency force. Agency productivity in terms of new business premium increased by 73% year-on-year. This was further evidenced by a 29% year-on-year increase in Million Dollar Round Table (MDRT) registered members as at 31 December 2025, underscoring the growing professionalism and effectiveness of the agency model.

The partnership channel also gained momentum, with APE rising by 16% year-on-year to HK$2,241 million and new business premium surging by 138% year-on-year to HK$5,135 million. The strong performance was driven by deeper engagement with new brokers, improved sales support capabilities and deeper penetration of key local broker relationships.

Customer demand was diversified across local customers, Chinese Mainland Visitors ("CMV") and overseas customers during FY2026. APE from local and overseas customers increased by 12% and 40% year-on-year, respectively, while APE from CMV remained steady year-on-year. This was supported by closer broker engagement and the broader CTF Group ecosystem, which enhanced customer acquisition, loyalty and overall customer experience. The contribution from a broad and resilient customer base demonstrates the strength of CTF Life's customer franchise and the effectiveness of its diversified distribution strategy.

CTF Life's strong business growth was underpinned by a disciplined and diversified investment approach focused on sustainable long-term returns, prudent asset-liability management and capital strength. As at 30 June 2026, assets under management rose 17% year-on-year to approximately HK$106.4 billion (30 June 2025: approximately HK$90.8 billion), driven by business expansion and favourable investment performance. CTF Life's investment strategy is designed to generate sustainable risk-adjusted returns over the long term while preserving capital strength and supporting the fulfilment of its obligations to policyholders. The strategy seeks to balance investment return objectives with prudent risk management, aiming to reduce earnings volatility, control and diversify risk exposures, and maintain financial resilience across different market cycles. To this end, CTF Life maintained a disciplined investment approach aligned with the long-term nature of its liabilities, with fixed income investments represented approximately 70% (30 June 2025: approximately 70%) of CTF Life's investment portfolio (exclude unit-linked investments), of which investment-grade securities accounted for approximately 90% (30 June 2025: approximately 90%) of total bond holdings, and the fixed-income portfolio generated a stable investment yield of 4.6% per annum (FY2025: 4.6% per annum). Asset-liability management remained prudent, with the HKRBC effective duration gap maintained within a conservative range.

CTF Life also maintained a robust financial position. As at 30 June 2026, its solvency ratio under the HKRBC regime further edged up to 285% (30 June 2025: 279%), which is almost three times the minimum regulatory requirement at 100%, delivering one of the highest HKRBC solvency ratios among Hong Kong insurers and a stable ratio post dividend remittance. The sound capital position not only supports dividend distribution but also helps preserve sufficient capital headroom for future growth. Embedded value grew by 12% year-on-year to HK$28.4 billion, driven by expected return on existing business, new business growth and favourable market performance. CTF Life's robust balance sheet continued to be recognized by rating agencies, with Moody's maintaining its A3 (stable) financial strength rating and Fitch Ratings affirming its A- (stable) rating.



CTF Life unveils new brand campaign

With its solid capital base and growing franchise, CTF Life invested in product innovation and customer proposition enhancement during FY2026. CTF Life's long-standing commitment to policyholder value was demonstrated by the achievement of a fulfillment ratio at 100% or more for three signature product series over 10 consecutive years and a 4.25% annual interest rate on accumulated dividends for United States dollar participating policies for 14 consecutive years. Building on this solid track record, CTF Life further broadened its product offerings with new savings and indexed universal life insurance products. These products improved CTF Life's ability to address increasingly sophisticated customer needs, particularly in wealth accumulation, legacy planning and high-net-worth solutions.

Beyond product innovation, CTF Life deepened customer engagement and service capabilities through digital and healthcare ecosystem initiatives. During the year, it became the first life insurer in Hong Kong to enable premium payments through AlipayHK, enhancing convenience and accessibility for customers. It also extended its healthcare ecosystem to 23 partner medical institutions across Hong Kong and the Greater Bay Area, providing priority access and direct billing services. These initiatives reinforce CTF Life's customer-centric strategy.

The strength of the Financial Services segment gained further industry recognition during FY2026. CTF Life received more than 80 corporate and insurance practitioner awards across product innovation, customer service, talent development, digital transformation, marketing and ESG initiatives. These accolades reflect CTF Life's continued commitment to excellence, innovation and creating value beyond insurance.

Beyond organic growth, the Group broadened its wealth management platform strategically. Following completion of the investment in uSMART in November 2025, the Group holds a 13.05% equity interest in uSMART, which is accounted for as an associated company and contributed positively to the Group's AOP in FY2026. Benefiting from higher market turnover driven by robust trading activity, uSMART delivered strong business momentum during the year, with revenue increased to approximately fourfold year-on-year and a significant improvement in earnings. The investment complements the Group's insurance platform by providing exposure to the growing popularity of independent digital securities brokerage globally and enhancing its broader wealth management ecosystem.

Roads

As at 30 June 2026, the Group managed a portfolio of thirteen toll road projects across Guangdong Province, Zhejiang Province, Hubei Province, Hunan Province, Tianjin Municipality and Guangxi Zhuang Autonomous Region, with an aggregate roadway length of approximately 880 kilometres.

In FY2026, the Roads segment reported AOP of HK$1,442.8 million, remaining broadly flat year-on-year. The stable performance was mainly attributable to favourable RMB exchange movements, lower finance costs and a higher contribution from Tangjin Expressway (Tianjin North Section), where traffic flow increased following the completion of a major connecting road expansion in October 2025. These positive factors were partly offset by weaker performance at certain toll road assets amid uneven regional traffic recovery, together with the non-recurrence of contribution from Shanxi Taiyuan-Gujiao Roadway (Gujiao Section), which was disposed of in April 2025.

The operating environment remained challenging during FY2026. On a like-for-like basis, average daily traffic flow and toll revenue declined by approximately 1% year-on-year. The decrease was primarily attributable to temporary traffic disruptions arising from the ongoing expansion works on Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway, which resulted in partial road closures. In addition, traffic flow on Suiyuenan Expressway normalized from the relatively high base recorded in FY2025, when maintenance works on neighbouring road networks led to temporary traffic diversion to the expressway. More broadly, traffic growth across the toll road portfolio remained largely flat, while expansion of surrounding transportation networks continued to influence traffic patterns across individual assets.

As at 30 June 2026, the toll road portfolio had an average remaining concession period of approximately 11 years. The expansion works on Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway remain on schedule and are currently expected to be completed by the financial year ending 30 June 2028. Upon completion, the Group will be eligible to apply for extensions of the respective concession periods. These projects form part of the Group's ongoing efforts to lengthen the revenue-generating life and enhance the competitiveness of its remaining toll road portfolio.

In parallel, the Group continued to advance its portfolio optimization strategy through disciplined capital recycling. In May 2026, the Group announced the disposal of its entire interest in the Hunan Changliu Expressway for approximately RMB1.61 billion, with the equity consideration broadly equivalent to the Group's net cash investment in the project's equity interests. The transaction followed management's thorough evaluation of the Group's capital allocation priorities, taking into account the asset's relatively limited contribution to the Roads segment AOP and cash flow generation, subdued growth profile and increasing operational challenges. Completed in July 2026, the transaction strengthened the Group's balance sheet and facilitated the redeployment of capital towards businesses aligned with its strategic priorities, offering more attractive long-term growth potential and risk-adjusted returns. Following completion, the assets and associated liabilities of Hunan Changliu Expressway ceased to be consolidated into the Group's financial statements.

Logistics

The Logistics segment reported AOP of HK$645.0 million for FY2026, representing a decrease of 13% year-on-year. Excluding the impact from deferred tax provisions for the logistics properties in the Chinese Mainland, AOP declined 10% year-on-year. Continued growth in contributions from CUIRC helped mitigate the lower earnings from ATL in Hong Kong. Excluding the impact from deferred tax, contributions from logistics properties in the Chinese Mainland increased following the acquisition of four new logistics properties. Market conditions in both Hong Kong and the Chinese Mainland have been improving gradually during the financial year, supporting leasing activity and customer demand across parts of the portfolio.

As at 30 June 2026, the Group's Logistics Asset & Management portfolio comprised ATL in Hong Kong and eleven logistics properties in the Chinese Mainland. The portfolio offered a total gross leasable area of approximately 14.5 million sq ft, comprising 5.9 million sq ft in Hong Kong and 8.6 million sq ft in the Chinese Mainland respectively.



CTF Logistics' newly acquired logistics property in the Chinese Mainland

Within Hong Kong, ATL operated against a backdrop of market volatility arising from reciprocal tariffs, while the gradual recovery of Hong Kong's economy provided some support to business activities. ATL's occupancy started to recover following more proactive marketing and leasing initiatives, including attracting tenants from more resilient sectors, offering flexible leasing arrangements, enhancing facility specifications and fostering closer collaboration with leasing agencies. As at 30 June 2026, ATL's occupancy rate rebounded sharply to 84.5% (30 June 2025: 80.7%) from 75.2% as at 31 December 2025. Nonetheless, average occupancy for FY2026 was lower than FY2025, reflecting the weaker occupancy level during the earlier part of the financial year before the recovery gained traction in the second half. The improving economic environment in Hong Kong, particularly the strong recovery in tourism and retail-related activities, also drove demand from ATL's core tenant base, including third-party logistics, e-commerce, distribution operators and retailers. Leveraging its strategic location and full-building ramp access, ATL further reinforced its position as a leading logistics and distribution hub in Hong Kong.

Complementing ATL in Hong Kong, the Group's logistics assets in the Chinese Mainland provided additional sources of recurring income and portfolio diversification. The logistics property market in the Chinese Mainland showed signs of recovery during FY2026, although the pace of stabilization remained selective and varied across regions. Excluding the impact from deferred tax, AOP from logistics properties in the Chinese Mainland recorded a 11% growth year-on-year in FY2026, reflecting the immediate AOP contribution from newly acquired logistics assets. As at 30 June 2026, the average occupancy rate across the seven logistics assets in Chengdu, Wuhan and Suzhou was 86.3% (30 June 2025: 87.5%). Through flexible leasing strategies and proactive asset management, the Group maintained a balanced approach between occupancy retention and rental performance amid an evolving operating environment.

During FY2026, the Group further expanded its logistics asset footprint and strengthened portfolio synergies across the Chinese Mainland through the acquisition of four logistics properties in Dongguan, Shanghai, Ningbo and Changzhou. Situated in economically vibrant regions with favourable long-term fundamentals, these assets are underpinned by established tenant bases and contributed recurring cash flows during the financial year. Following the acquisitions, the Group's logistics portfolio in the Chinese Mainland comprised eleven assets, with an overall average occupancy rate of 86.2% as at 30 June 2026.

In addition to its logistics property investments, the Group maintains exposure to the growing rail logistics sector through its 30% stake in CUIRC, which operates a nationwide network of thirteen railway container terminals across key logistics corridors in the Chinese Mainland. During FY2026, AOP increased by 2% year-on-year, while throughput rose by 8% year-on-year to 7,564,000 TEUs, driven by growing demand for rail freight services, ancillary logistics services, and higher terminal handling volumes. The business also benefited from favourable national policies promoting multimodal transportation, reducing logistics costs and improving supply chain efficiency. To improve operational efficiency, CUIRC invested in its terminal infrastructure upgrade, including the completion of automation projects at the Qingdao and Wuhan terminals in June 2026.

Construction

The Construction segment is represented by CTFS Construction Group, which comprises four established operating entities with complementary specialist capabilities: (i) Hip Hing Group, one of Hong Kong's leading building contractors, is frequently selected for technically complex and high-quality projects, supported by its extensive project management capabilities, design expertise and long-standing execution track record; (ii) Vibro Group focuses on foundation and specialist geotechnical works, enabling CTFS Construction Group to participate from the early stages of major development projects; (iii) Quon Hing Group supports the ready-mixed concrete business; and (iv) Hsin Chong Aster provides electrical and mechanical engineering services. Together, these entities enable CTFS Construction Group to serve public-sector, institutional and private-sector clients across key stages of the construction value chain. Their integrated platform enhances tender competitiveness, supports effective project delivery and strengthens the resilience of the Construction segment.



Hip Hing Group served as the main contractor for the legislative council complex expansion project

During FY2026, CTFS Construction Group demonstrated resilience and order book momentum amid a challenging market environment, securing new contracts with aggregate value of approximately HK$16.9 billion. As at 30 June 2026, the gross value of contracts on hand increased by 7% year-on-year from approximately HK$58.5 billion to HK$62.7 billion. As existing projects progressed and revenue was recognized during the year, remaining works to be completed stood at a healthy HK$34.9 billion, supported by continued replenishment from new contract wins.

CTFS Construction Group maintained a high-quality order book with strong revenue visibility during the year. As at 30 June 2026, government and institutional-related projects accounted for 66% of remaining works to be completed, compared with 61% a year earlier, while private-sector projects accounted for the remaining 34%. Major contracts awarded during the financial year included the design and build of a joint user complex and public open space at Cheung Sha Wan Road in Sham Shui Po, the construction of a public housing development at Yip On Factory Estate, the management contract for maintenance and completion works for the subsidized sale flats development at Anderson Road Quarry Site R2-2, and the main contract for Pak Shing Kok ventilation building property development at Chiu Shun Road, Tseung Kwan O Town Lot No.132. These contract awards, spanning public-sector, institutional, private-sector and specialist works, demonstrate CTFS Construction Group's continued competitiveness and support revenue visibility over the near-to-medium term.

While CTFS Construction Group strengthened its order book and project mix, profitability was affected by project margin pressure during FY2026, AOP decreased modestly by 4% to HK$688.9 million. Against this backdrop, CTFS Construction Group continued to strengthen project resource deployment, cost discipline and operational efficiency across projects execution and tendering activities, while maintaining stringent accounts receivable management to support cash collection, working capital discipline and overall cash flow resilience. Major projects undertaken during FY2026 included the commercial development at Caroline Hill Road in Causeway Bay, the dedicated rehousing estate at Kwu Tung North Area 24, and the residential development at Ma Wo Road in Tai Po.

CTFS Construction Group's execution capabilities and innovation focus helped differentiate it in a competitive market environment and were reflected in several industry recognitions during FY2026. Hip Hing Group received accolades for two landmark projects: KTSP, which won the Quality Excellence Award and the Grand Award in the Hong Kong Non-Residential (New Building — Government, Institution or Community) category at the Quality Building Award — QBAHK, and the expansion of the Legislative Council Complex, which won the Grand Award in the Hong Kong Building (Renovation/Revitalization) category. Innovation was also recognized at the CIC Construction Innovation Award, where Hip Hing Group's Distant Tower Crane Command System and Vibro Group's multimodal LLM-powered robotic dog were awarded, highlighting continued progress in construction safety, site efficiency and technical innovation. CTFS Construction Group also invested further in strengthening the quality and technical competency of its project management and tendering teams, supporting its ability to secure and deliver increasingly sophisticated projects.

Facilities Management

The Facilities Management segment comprises businesses spanning convention, exhibition and venue management services, healthcare services, and sports, entertainment and retail operations. In FY2026, segment AOP decreased by 1% year-on-year to HK$87.8 million. Solid growth from GHK helped mitigate the impact of a lower contribution from HKCEC, reflecting higher depreciation and capital expenditure, as well as the AOL recorded by KTSPL, in which the Group holds a 25% interest, during the ramp-up phase of KTSP.



Events at KTSP boosted footfall and retail sales at Kai Tak Mall

Benefiting from the continued recovery in business travel and MICE (Meetings, Incentives, Conventions and Exhibitions) activities, HKCEC strengthened its marketing and business development initiatives to attract both new and returning large-scale events in FY2026. Excluding the impact of increased depreciation and capital expenditure, AOP increased by 8% year-on-year, supported by improved exhibition and conference rental income and higher food and beverage revenue. HKCEC maintained a diversified event portfolio spanning exhibitions, conferences, corporate meetings, entertainment events, seminars and banquets. During FY2026, total attendance reached approximately 7.7 million across 786 events, broadly in line with prior year.

GHK remained a key growth driver for the Facilities Management segment during FY2026, supported by resilient demand across Hong Kong's healthcare sector and structural growth in private healthcare services. As a leading private multi-specialty hospital in Hong Kong, GHK delivered solid operational and financial performance during the financial year. Revenue maintained its upward trajectory, while EBITDA increased strongly by 15% year-on-year. AOP contribution to the Group surged more than fourfold. Patient volumes continued to grow, with the number of inpatients, outpatients and day cases rising by 3%, 1% and 9%, respectively. To accommodate growing demand and support future capacity, the number of regularly utilized beds rose to 365 as at 30 June 2026 (30 June 2025: 337), with the average occupancy rate maintained at 60% (30 June 2025: 64%).

Beyond its strong operating performance, GHK further strengthened its long-term growth platform through medical innovation and digitalization. Following the introduction of histotripsy treatment for liver cancer in March 2025, the medical team initiated a pancreatic cancer clinical trial and successfully completed Asia's first combined pancreas and liver histotripsy procedure in April 2026. As at 30 June 2026, more than 140 histotripsy procedures had been performed for local and overseas patients, reinforcing GHK's leading position in innovative cancer treatment. In March 2026, GHK also established a strategic collaboration with the Centre for Artificial Intelligence and Robotics, Hong Kong Institute of Science & Innovation, Chinese Academy of Sciences, to promote the clinical adoption of AI and robotic technologies.

GHK also expanded its healthcare ecosystem and outpatient network. The launch of Gleneagles PharmaHome, a digital pharmacy offering online purchasing and home delivery services, improved patient convenience and broadened access to healthcare services. In parallel, Parkway Medical, a business venture between IHH Healthcare Berhad and the Group, further expanded GHK's integrated healthcare network. In October 2025, Gleneagles MediCentre in Admiralty commenced operations, offering ambulatory care services across a range of specialties and strengthening patient access and referral pathways. Together with GHK's existing clinic network and healthcare facilities, comprising seven clinics and one laboratory, these platforms contributed approximately 10% of GHK's gross profit through direct and indirect patient referrals and related healthcare services during FY2026. These initiatives broadened patient sources, enhanced service capabilities and supported future growth.

Alongside healthcare, the Group built its presence in Hong Kong's sports, entertainment, retail and mega-event economy through KTSP. During its first full year of operation, KTSP established itself as Hong Kong's premier integrated sports, entertainment and lifestyle destination, bringing together world-class event venues, retail offerings and community facilities within a single precinct. Since its official opening in March 2025 and up to 30 June 2026, KTSP had attracted over 20 million visits, hosted nearly 150 major international and local sports and entertainment events, and facilitated more than 250 days of sporting activities. Key highlights included the Hong Kong Sevens, international football matches and concerts by globally renowned artists such as Coldplay and BLACKPINK. Utilization rates at Kai Tak Stadium and Kai Tak Arena achieved close to 90%, underscoring strong demand and the growing appeal of the precinct. Kai Tak Mall also delivered encouraging results, benefiting from strong visitor traffic and retail-event synergies, with occupancy reaching approximately 87% as at 30 June 2026 (30 June 2025: approximately 80%). While KTSPL remained in the ramp-up phase and recorded an AOL during FY2026, KTSP's operating metrics demonstrated growing patronage, sustained high venue utilization and increasing market acceptance.

KTSP's rising international profile and strong operational execution were recognized through a number of industry accolades during FY2026. Notable achievements included being named "Venue of the Year" at TheStadiumBusiness Awards 2026 and being included in *TIME's* "World's Greatest Places 2026". According to leading industry publication *Pollstar*, KTSP ranked third globally and first in Asia by ticket sales in 2025, despite commencing operations only in March 2025. These achievements reinforce KTSP's position as a leading sports and entertainment venue in the region.

Strategic Investments

This segment includes investments with strategic relevance and growth potential that enhance shareholder value. The Group consistently employs a disciplined capital allocation approach under which investment opportunities are evaluated against the Group's strategic priorities, return objectives and risk profile and are subject to approval and oversight in accordance with the Group's governance structure and delegated authority limits. The aggregated carrying amount of these investments accounted for approximately 3% of the Group's total assets at 30 June 2026 and 30 June 2025. The diversified portfolio mainly includes (i) various minority stakes across listed equity, private equity, venture capital and pre-IPO opportunities with strategic allocations to capture high-growth potential across emerging and transformative sectors including metals and mining, infrastructure assets services, digital healthcare, advanced information technology and artificial intelligence; and (ii) new investment in BESS. During FY2026, AOP of the Strategic Investments segment increased by 6% to HK$251.4 million, primarily comprising the share of results, net fair value changes, and interest and dividend income from various investments.

During the year, the Group actively divested a number of investments within the Strategic Investments segment that were considered to have reached their full return potential. These divestments have generated aggregate proceeds of approximately HK$1.3 billion. In addition, the Group aimed to monetize its approximately 10% stake in Shoucheng through the issuance of 0.75% Exchangeable Bonds with an aggregate principal amount of HK$2,218 million. The bonds were issued at 103.0% of the par value, enabling the Group to secure financing on attractive terms while retaining the potential to realize additional value should bondholders exercise their exchange rights. The transaction strengthened the Group's liquidity position, broadened its funding sources and enhanced financial flexibility for future capital deployment.

Alongside capital recycling initiatives, the Group continued to invest selectively in opportunities aligned with long-term structural growth trends. During FY2026, the Group partnered with Unisun, a leading global renewable energy solutions service provider, to develop BESS in Europe. The projects are intended to address the intermittency associated with the large-scale transition towards renewable energy by providing energy storage solutions that support grid stability and reliability. The Group's first BESS project, located in the city of Iisalmi, Finland, has an installed capacity of 30 MW/65.2 MWh, in which the Group holds a 75% interest, with Unisun holding the remaining 25% interest and serving as the technical lead. The project is expected to commence operation in the first quarter of 2027 and contribute to AOP from FY2027 onwards. Building on this collaboration, the Group is anticipated to develop a second BESS project in Petäjävesi, Finland, with a capacity of 125 MW/250 MWh, in which the Group will indirectly hold an 87.5% equity interest. These projects reflect the Group's disciplined approach to identifying opportunities with sustainable long-term demand drivers and further expanding its presence in the European energy storage market.

BUSINESS OUTLOOK

Financial Services

As the Group's core growth engine, the Financial Services segment is well positioned to deliver sustainable long-term growth. Supported by a strong capital position, diversified distribution capabilities and a broadening wealth management platform, CTF Life is expected to remain a key contributor to the Group's earnings. It will uphold disciplined underwriting standards, robust governance and strong compliance while adapting to evolving customer needs and regulatory developments.

Demand for protection, savings, healthcare, wealth preservation and legacy planning solutions remains resilient across local, Chinese Mainland and overseas customer segments. Hong Kong insurance products remain attractive due to their multi-currency features, access to global investment opportunities and attractive wealth planning attributes. Demand from Chinese Mainland customers is expected to remain underpinned by interest rate differentials between Hong Kong and the Chinese Mainland, increasing protection awareness and relatively low insurance penetration, while various talent admission schemes continue to support demand from Hong Kong customers. The gradual reallocation of household wealth from cash and real estate into financial assets is also expected to support long-term demand for insurance and wealth management products.

Following the establishment of its Bermuda operation, CTF Life is scaling its international insurance platform with a focus on serving high-net-worth customers and addressing demand for multi-jurisdictional insurance solutions. By leveraging strategic distribution partnerships, CTF Life Bermuda is well positioned to access internationally mobile customers across key wealth management markets and gradually expand its overseas customer base over the medium to long term.

To capture these opportunities, CTF Life will continue to improve its multi-channel distribution platform, lift agency productivity, deepen broker relationships and broaden its product offerings. CTF Life will also continue to advance the digitalization of agency distribution channel through targeted investments in recruitment and onboarding capabilities. Leveraging data analytics, digital technologies and artificial intelligence, the end-to-end talent acquisition and development journey will be enhanced, enabling a more efficient and data-driven experience for agents to improve recruitment effectiveness, accelerate new advisor productivity and strengthen talent retention. Backed by ongoing product innovation and disciplined execution, CTF Life is well placed to achieve profitable growth while further reinforcing its market position.

Beyond insurance, the Group is broadening its wealth management platform to serve the evolving needs of affluent and high-net-worth customers in Hong Kong and overseas. The completion of the acquisition of a 65% interest in Blackhorn in July 2026 expanded the Group's external asset management capabilities and is expected to contribute earnings immediately. Blackhorn's results will also be consolidated into the Group's financial statements as a subsidiary. Together with CTF Life's insurance platform, uSMART's digital brokerage capabilities and the broader CTF Group ecosystem, Blackhorn strengthens the Group's ability to provide a comprehensive suite of wealth management solutions spanning insurance, investment, securities trading, financial planning and asset management. This integrated platform broadens the Group's customer proposition, supports customer acquisition and cross-selling, and differentiates CTF Life from traditional insurers by connecting insurance with broader wealth management and lifestyle-related services.

The Group will evaluate expansion opportunities prudently, taking into account market potential, execution capabilities and regulatory considerations. Supported by growing demand for wealth management solutions, a diversified distribution platform and an expanding product and service offering, the Financial Services segment remains well positioned to drive the Group's long-term earnings growth.

Roads

The operating environment for the toll road sector remains challenging amid both structural and cyclical headwinds. Toll road assets continue to face uneven traffic recovery across regions, intensifying competition from ongoing expansion of road networks, evolving traffic patterns, and rising operational and regulatory complexities. These factors have contributed to greater earnings volatility and a more uncertain long-term growth outlook across the sector.

Although toll roads still provide stable cash generation, the sector is increasingly characterized by limited growth prospects and finite concession lives. Accordingly, the Group will continue to optimize its portfolio and recycle capital from mature assets into businesses with more attractive long-term growth and return characteristics, selectively divesting assets where risk-adjusted return prospects are less compelling.

Logistics

While macroeconomic uncertainties remain, leasing demand in Hong Kong has shown encouraging signs of recovery. Supported by its strategic location, diversified customer base and distinctive asset characteristics, ATL is well positioned to benefit from improving logistics and distribution activity driven by tourism, retail and consumption-related demand. The Group will focus on maintaining healthy occupancy, extending the weighted average lease expiry and improving lease quality, further strengthening the resilience of its income base.

Alongside its Hong Kong operations, the Group remains constructive on the outlook for modern logistics properties in economically vibrant regions of the Chinese Mainland, particularly the Greater Bay Area, the Yangtze River Delta, and major metropolises in Western China. While market conditions vary across locations, selected markets have begun to stabilize, benefiting from growing city-distribution demand, ongoing e-commerce penetration and resilient manufacturing and export activity. In addition, the future supply of high-quality logistics facilities in key logistics hubs remains relatively limited. The Group will continue to pursue selective investment opportunities in modern, strategically located and income-generating logistics assets that meet its disciplined investment criteria, with emphasis on attractive valuations, established tenant bases and strong cash flow visibility.

In September 2026, the Group completed the acquisition of another logistics property in Jiaxing City, Zhejiang Province. Located near the Group's existing Yangtze River Delta assets, the acquisition further advances the regional cluster strategy by enhancing operating efficiencies, tenant servicing capabilities, and portfolio synergies. Following completion, the logistics portfolio expanded to thirteen properties with a total gross leasable area of approximately 15.05 million sq ft.

CUIRC continues to benefit from the structural growth of rail freight transportation in the Chinese Mainland. Supported by favourable national policies promoting multimodal transportation, logistics efficiency and cross-border trade, rail freight demand is expected to maintain long-term growth. Ongoing development of Belt and Road Initiative transportation corridors and deeper regional trade integration are expected to further support cross-border cargo flows. With thirteen strategically located railway container terminals across the Chinese Mainland, CUIRC remains well positioned to benefit from these long-term trends.

Building on its established logistics facilities and rail freight network, the Group is also expanding into digital infrastructure. Growing demand for AI computing power, together with the resulting surge in data storage requirements, is reinforcing the strategic importance of data centres as critical enablers of the digital economy. Backed by increasing capital expenditure from hyperscale cloud service providers and policies promoting computing power development, demand for data centre capacity is expected to rise further. Recognizing the favourable long-term fundamentals of the sector, the Group intends to pursue a disciplined investment approach in the AIDC sector, focusing on assets with established customer relationships, AI-ready expansion potential, and attractive risk-adjusted returns, with the objective of building a portfolio of high-quality digital infrastructure assets that generates recurring income and supports long-term growth.

In line with this strategy, the Group has committed to invest in an AIDC project in Huailai ("Huailai AIDC"), acquiring a 70% equity interest. Located in Huailai, Hebei Province, a key hub within China's "East Data, West Computing" initiative, the project has a planned IT capacity of 50MW, of which 30MW has been delivered and secured under long-term lease with leading domestic internet companies. The acquisition provides immediate exposure to the rapidly growing AI computing market while generating stable income supported by contracted occupancy. It marks an important milestone in the Group's expansion into digital infrastructure and the transaction is expected to be completed in the fourth quarter of 2026, with Huailai AIDC's financial results expected to be consolidated into the Group's financial statements from FY2027 onwards. In addition, the Group also has an investment in a fully operational AIDC project in Jiangsu Province, with over 50MW of IT capacity contracted to leading internet companies.

Besides Chinese Mainland, the Group has been exploring opportunities in overseas market in the AIDC sector. In this regard, the Group has entered into an agreement for the acquisition of a 40% equity interest in an AIDC project in Johor, Malaysia ("Johor AIDC"), a leading Southeast Asian data centre hub. Designed to support IT capacity exceeding 70MW, Johor AIDC has secured long-term lease arrangements for the majority of the project's IT capacity and is expected to commence operations in the first quarter of 2027.

Collectively, these investments mark the Group's entry into the data centre sector and position it to benefit from growing demand for AI computing, data storage and digital infrastructure services across Asia, while enhancing its portfolio of recurring-income assets.

Construction

The Construction segment is expected to operate against a gradually improving market backdrop. In the residential sector, improving transaction activity and renewed developer participation in land tenders point to an early recovery in sentiment. At the same time, government and institutional projects are expected to remain a key driver of industry activity. The Hong Kong Government has indicated that capital works expenditure is expected to remain at approximately HK$128 billion per annum through 2030/31 fiscal year, underpinned by major infrastructure, public housing and other public works projects. In addition, the Northern Metropolis is expected to create substantial opportunities across site formation, foundations, infrastructure and building works over the coming decade. These developments provide a supportive demand environment and long-term project visibility for established contractors with proven execution capabilities.

Against this supportive demand backdrop, CTFS Construction Group is well positioned to capture upcoming public-sector, institutional and private-sector opportunities, leveraging its integrated capabilities across building construction, foundations, concrete supply and electrical and mechanical engineering services. Its project management, engineering and design expertise, together with continued investment in innovative construction technologies and data-driven solutions, enhance its ability to deliver technically demanding projects while improving site safety, productivity, execution quality and ESG performance. Importantly, these innovation capabilities provide a clear point of differentiation against peers, strengthening CTFS Construction Group's competitiveness and supporting disciplined project selection. Together with ongoing improvements in operational efficiency, resource allocation and the technical competency of its project and tender teams, as well as a substantial order book and visible project pipeline, CTFS Construction Group is well placed to sustain cash generation and pursue quality growth over the medium to long term.

Facilities Management

Benefiting from the continued recovery of tourism, business travel and healthcare demand, the growing popularity of experience-led consumption and the Hong Kong Government's initiatives to promote the mega-event economy, the Group remains confident in the long-term prospects of its Facilities Management segment. Through HKCEC, GHK and KTSP, the segment benefits from multiple structural growth drivers linked to Hong Kong's position as an international business, healthcare and events hub.

Amid evolving industry dynamics, HKCEC continues to adapt its event portfolio to changing market demand while leveraging the Hong Kong Government's support for the MICE industry. Further reinforcing confidence in Hong Kong as a leading international events destination, the Culture, Sports and Tourism Bureau entered into a five-year collaboration arrangement with Art Basel in March 2026, underscoring the long-term commitment of one of the world's premier art fairs to Hong Kong. Against this backdrop, HKCEC continues to expand beyond its traditional strengths in exhibitions and conferences. In addition to reinforcing its position in traditional exhibition and conferences, HKCEC is actively expanding into high-growth sectors such as cryptocurrency, Web3, fintech and innovation. It also focuses on attracting new international organizers, converting successful one-off events into recurring series, and broadening its geographical reach by attracting organizers from emerging markets, including the Middle East. Reflecting this strategy, LEAP East, a technology and innovation conference connecting the Middle East and Asia, was held in HKCEC for the first time in July 2026, marking the commencement of a three-year agreement that establishes Hong Kong as the exclusive Asian host city for the event. In addition, the Hong Kong International Wine & Spirits Fair, a leading trade event for the wine and spirits industry in Asia, is scheduled to take place in November 2026 and will move from a biennial to an annual format. Together with a growing pipeline of new and recurring events, these initiatives are expected to further diversify HKCEC's event portfolio and reinforce Hong Kong's position as a premier international convention and exhibition destination.

Reflecting a key pillar of the segment's growth strategy, GHK will continue to strengthen its clinical capabilities and broaden its healthcare ecosystem. In addition to introducing advanced therapies such as stem cell therapy and CAR-T cell therapy, GHK will undertake facility enhancement initiatives to improve operational productivity, patient flow and overall patient experience, including the expansion of the Professorial Clinic, enhancement of outpatient facilities and refurbishment of inpatient accommodation. With its core hospital infrastructure now largely established, management's focus is increasingly shifting towards improving utilization, operational efficiency and service intensity across its healthcare platform. Parkway Medical plans to expand specialist services beyond the hospital setting. A new Gastrointestinal, Hepatobiliary and Pancreatic Specialists Clinic in Central is expected to commence operations in FY2027, further broadening its outpatient network. In parallel, strategic partnerships, including the collaboration with The Fullerton Ocean Park Hotel Hong Kong, will enhance GHK's presence in wellness tourism and preventive healthcare. Collectively, these initiatives are expected to support patient sources, enhance service capabilities and long-term business growth.

Representing the segment's exposure to sports, entertainment, retail and experience-led consumption, KTSP is expected to benefit from the Hong Kong Government's continued support in promoting mega-event economy. With a robust pipeline of international events in FY2027, including the Hong Kong Football Festival 2026, Audi Football Summit 2026, and the CTF Life Title Sponsor: 2026 TMElive International Music Awards, which were successfully held between July and August 2026, as well as the upcoming BIGBANG 2026-2027 World Tour and BTS World Tour, KTSP is well positioned to strengthen its market leadership and regional profile. As a recently commissioned precinct, KTSP remains in a ramp-up phase, with additional growth expected from increasing venue utilization, event frequency and ancillary commercial activities. Continued efforts to enhance commercial yield across venues and retail offerings, foster synergies between sports, entertainment, retail and dining facilities, and enrich the overall visitor experience are expected to support long-term growth and profitability. Through these initiatives, KTSP is expected to reinforce Hong Kong's position as a premier destination for sports, entertainment and mega-events while generating broader tourism and economic benefits.

LOOKING FORWARD

The Group will leverage its diversified business portfolio, operational expertise and disciplined capital allocation to navigate evolving market conditions and capture opportunities arising from long-term structural growth trends. Building on the progress achieved in FY2026, the Group will further optimize its portfolio by recycling capital from mature businesses into higher-growth and more scalable sectors. In particular, the Group will deepen its presence in Financial Services and Logistics segments, which benefit from favourable long-term demand drivers and are expected to improve the quality, resilience and growth profile of the Group's earnings.

While macroeconomic uncertainty, interest-rate movements and sector-specific challenges are expected to persist, the Group remains well positioned to manage risks and pursue sustainable growth. With a solid balance sheet, ample liquidity, diversified funding channels and prudent financial management, the Group will maintain a disciplined approach to capital deployment and investment selection. Along with its growing portfolio of recurring-income businesses and focus on operational excellence, these strengths provide flexibility to pursue strategic growth opportunities while maintaining financial resilience.

In addition, the Company's re-inclusion in the Hang Seng Composite Index and eligibility for the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes have further enhanced its capital markets profile. The meaningful increase in Southbound holdings since re-inclusion reflects broader access to Chinese Mainland investors and growing market recognition of the Group's evolving business mix and improving earnings quality. Supported by its portfolio optimization strategy, disciplined financial management and expanding growth platforms, the Group remains committed to creating sustainable long-term value for Shareholders.

FINANCIAL RESOURCES

Treasury management and financing structure

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. Through a centralized treasury function, the Group actively monitors its cash position, cash flows and debt profile, while optimizing funding efficiency and managing financing costs. To maintain ample financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has established a strong and diversified funding base and will continue to broaden its sources of funding which include perpetual capital securities and debt issuance in capital markets as well as bank borrowings, both offshore and onshore, for which the mix will vary from time to time in response to prevailing financial market conditions. The capital structure of the Group was 44% debt and 56% equity as at 30 June 2026[4], compared with 47% debt and 53% equity as at 30 June 2025.

In July 2025, the Company repurchased the remaining outstanding principal amount of HK$566 million of the HK$780 million 4.0% convertible bonds due 2025 (the "4.0% Convertible Bonds") and issued the 2.8% Convertible Bonds. The 2.8% Convertible Bonds were fully converted into ordinary shares of the Company during the year. This issuance together with the subsequent conversions has successfully restored the Company's public float to over 25%, thereby fulfilling the minimum public float requirement and enhancing the liquidity and trading volume of the shares of the Company.

In October 2025, the Company issued the 0.75% Exchangeable Bonds which aimed to monetize its investment in Shoucheng and to raise financing on attractive terms, capitalizing on the favourable capital market conditions.

[4] The 0.75% Exchangeable Bonds are being accounted for as financial liabilities at FVPL and are excluded from the debt calculation.

In March 2026, the Company received the notice of acceptance of registration of debt financing instruments from the National Association of Financial Market Institutional Investors for the aggregate principal amount of up to RMB5.0 billion under the 2026 Panda Bond Programme. The debt financing instruments are issuable within two years from the receipt of the notice of acceptance of registration and issuance could be made by the Company in multiple tranches as and when appropriate.

The Group closely manages its financial risks including interest rate exposure and foreign exchange risks. Interest rate swap contracts are used to hedge against changes in short-term interest rates, while foreign exchange forward contracts are used to hedge against foreign currency risk of the Group's businesses which involve foreign currencies. Cross currency swap contracts and RMB borrowings are used to hedge the exposure to foreign exchange risk, stemmed mainly from RMB denominated assets. The Group's Financial Services segment also enters into cross currency swaps and bond forward contracts to hedge against its foreign currency risk and interest rate risk for bond investments respectively. The Group operates mainly in Hong Kong and the Chinese Mainland and did not have any material exposure to foreign exchange risk other than RMB and United States dollar during the current year. Through RMB borrowings including offshore and onshore RMB bank loans, Panda Bonds and cross currency swap contracts, about 62% of the Group's RMB denominated assets were naturally hedged as at 30 June 2026 (30 June 2025: about 80%). As at 30 June 2026, Hong Kong dollar borrowings and RMB borrowings accounted for 54% and 46% respectively of the Group's total debt (30 June 2025: 38% and 62%). The reduction in the hedging ratio is a strategic move of the Group in response to prevailing RMB exchange rate trend and market dynamics. The Group adopts a flexible and disciplined approach to foreign exchange risk management, adjusting its hedge positions from time to time in line with market developments while maintaining prudent control over currency exposures.

Liquidity and capital resources

As at 30 June 2026, the Group's total cash and bank balances amounted to HK$20,760.7 million, compared with HK$20,210.7 million as at 30 June 2025. Cash and bank balances as at 30 June 2026 were mainly denominated as to 29% in Hong Kong dollar, 53% in United States dollar and 18% in RMB. The Group's Net Debt as at 30 June 2026 was HK$11,654.5 million, decreased by 20% from HK$14,651.1 million as at 30 June 2025. The decrease in Net Debt was mainly due to proceeds from issuance of the 0.75% Exchangeable Bonds, classification of Net Debt of Hunan Changliu Expressway as assets and liabilities held-for-sale, full conversion of the 2.8% Convertible Bonds, proceeds from disposal of certain non-core investments and net operating cash inflow, partly offset by certain acquisitions and capital expenditures and payment of dividend during the current year. The Group's Net Gearing Ratio decreased from 37% as at 30 June 2025 to 28% as at 30 June 2026[5]. The reduction in Net Gearing Ratio reflects a strengthening of the Group's balance sheet and provides a solid foundation to support the Group's growth initiatives, while maintaining the Group's financial flexibility and resilience against market volatility. The Group's total unutilized committed banking facilities amounted to approximately HK$10.5 billion as at 30 June 2026 (30 June 2025: approximately HK$9.6 billion).

[5] If the 0.75% Exchangeable Bonds were included as debt balance, the net gearing ratio would be 33% as at 30 June 2026.

Debt profile and maturity

The Group continues to maintain a prudent mix of fixed-rate and floating-rate borrowings to optimize funding costs while managing interest rate risk. The proportion of fixed-rate debt to total debt remained at an efficient level of 68% as at 30 June 2026 (30 June 2025: 70%), providing a balanced debt profile and reducing the Group's exposure to interest rate volatility.

As at 30 June 2026, the Group's total debt decreased to HK$32,415.2 million from HK$34,861.8 million as at 30 June 2025. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the total debt as at 30 June 2026, 24% will mature in the next 12 months, 25% will mature in the second year, 49% will mature in the third to fifth year and 2% will mature after the fifth year.

As a result of the continued proactive management of our debt mix amid fluctuating market interest rates, the average borrowing cost of the Group's debt portfolio during FY2026 was maintained at approximately 4.1% per annum (FY2025: 4.1%).

As at 30 June 2026, the Group provided pledges over the concession rights of the operation of certain expressways as security for bank loans made to the subsidiary companies which own and operate the expressways. The Group also provided a pledge over a proportion of equity interest in a joint venture as a security for bank loans of that joint venture. Besides, the Group provided pledges over the investment properties which include certain logistics centres in the Chinese Mainland as well as certain office units and carpark spaces in Hong Kong as security for certain bank loans of the Group.

Commitments

The Group's total commitments for capital expenditures were HK$1,646.6 million as at 30 June 2026, compared with HK$3,006.5 million as at 30 June 2025. These mainly comprised commitments for capital contributions to certain associated companies and joint ventures and acquisition of subsidiaries of HK$1,363.5 million as well as additions of property, plant and equipment/intangible assets of HK$160.2 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks. Besides, the Group's insurance business had commitments for financial investment of HK$6,072.7 million as at 30 June 2026 (30 June 2025: HK$2,905.5 million) which will be supported by internal resources.

Financial guarantee

Financial guarantee of the Group were HK$4,539.7 million as at 30 June 2026, compared with HK$5,133.3 million as at 30 June 2025. These comprised guarantees for banking facilities of associated companies and joint ventures.

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC, the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US$197.1 million (equivalent to approximately HK$1,537.4 million) as at 30 June 2026 and 30 June 2025.

Board of Directors



DR CHENG KAR SHUN, HENRY *GBM, GBS*
Chairman
Length of tenure: 26.5 years
Current period of appointment*:
1 July 2026 to 30 June 2029

Dr Cheng, aged 79, was appointed as Executive Director in March 2000 and became the Chairman from March 2001. He is also the Chairman of the Executive Committee of the Company and a director of a subsidiary of the Group. Dr Cheng is the Chairman and an executive director of NWD, CTFJ and New World Department Store China Limited, the Chairman and a non-executive director of FSE Lifestyle Services Limited and CTF Media & Entertainment Limited (formerly known as i-CABLE Communications Limited), all being listed public companies in Hong Kong. He is also a director and the Honorary Chairman of New World China Land Limited and a director of several substantial shareholders of the Company, namely Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, CTFC, CTFH and CTF Enterprises. Dr Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of the PRC. Dr Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the HKSAR. Dr Cheng is the father of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, and the uncle of each of Mr William Junior Guilherme Doo and the spouse of Mr Tsang On Yip, Patrick.



MR CHENG CHI MING, BRIAN
Executive Director and Group Co-Chief Executive Officer
Length of tenure: 17.2 years
Current period of appointment*:
1 January 2024 to 31 December 2026

Mr Cheng, aged 43, joined the Company in January 2008 and was appointed as Executive Director in July 2009 and Co-Chief Executive Officer in January 2024. He is a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Cheng is a non-executive director of NWD and the Chairman and a non-executive director of Integrated Waste Solutions Group Holdings Limited, both being listed public companies in Hong Kong. He is a director of PBA International Pte. Ltd. and a number of companies in the Chinese Mainland. He was also a non-executive director of Haitong International Securities Group Limited (resigned on 13 March 2024) (the company was delisted from the Hong Kong Stock Exchange on 11 January 2024) and Wai Kee (resigned on 26 June 2024) (a listed public company in Hong Kong). Mr Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the PRC. Before joining the Company, Mr Cheng had been working as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. Mr Cheng holds a Bachelor of Science degree from Babson College in Massachusetts, USA. Mr Cheng is the son of Dr Cheng Kar Shun, Henry, the brother of Mr Cheng Chi Leong, Christopher, the cousin of Mr William Junior Guilherme Doo and cousin-in-law of Mr Tsang On Yip, Patrick.

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MR HO GILBERT CHI HANG

Executive Director and Group Co-Chief Executive Officer
Length of tenure: 8.2 years
Current period of appointment*:
1 January 2024 to 31 December 2026

Mr Ho, aged 50, joined the Company as senior director in January 2018 and has been serving as Executive Director since July 2018. He was appointed as Chief Operating Officer in February 2022 and Co-Chief Executive Officer in January 2024. He is a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. He is also a director of certain subsidiaries of the Group. Mr Ho is the director and co-chief executive officer of CTF Enterprises, a holding company and substantial shareholder of the Company. Mr Ho is an Executive Director of NWD, a listed public company in Hong Kong. Prior to joining the Group, Mr Ho was a director and/or senior executive in several Hong Kong listed public companies. He was the senior investment director of NWD and an executive director of New World Strategic Investment Limited. He was also a partner of an international law firm Fried, Frank, Harris, Shriver & Jacobson LLP. Mr Ho is an independent non-executive director of Asia Allied Infrastructure Holdings Limited and Kam Hing International Holdings Limited, and a non-executive director of Shoucheng, all being listed public companies in Hong Kong. He was also a non-executive director of Wai Kee (resigned on 26 June 2024) (a listed public company in Hong Kong). He is the member of the General Committee of Hong Kong General Chamber of Commerce, the Vice Chairperson of the Chamber of Hong Kong Listed Companies, the Deputy Chairman of the Greater Bay Area Committee of CPA Australia, a member of the Court of the University of Hong Kong, a member of the Advisory Council on Career Development of Hong Kong University of Science and Technology, and a standing committee member of the Youth Federation of Inner Mongolia. He was also a member of the Hong Kong Logistics Development Council from January 2024 to December 2025, a committee member of the Industry Advisory Committee of Insurance Authority from June 2020 to May 2022 and a committee member of the Chinese People's Political Consultative Conference of Shenyang from December 2007 to December 2021. Mr Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and was admitted as a solicitor in New South Wales, Australia and England and Wales and as a solicitor and barrister in the High Court of Australia. He is also a fellow member of CPA Australia.



MR LAM JIM

Executive Director and Group Chief Operating and Financial Officer
Length of tenure: 2.7 years
Current period of appointment*:
1 January 2024 to 31 December 2026

Mr Lam, aged 56, was appointed as Executive Director in January 2024 and is a member of the Executive Committee and the Environmental, Social and Governance Committee of the Company. Mr Lam joined the Company in January 2021 as Chief Financial Officer and is responsible for overseeing the overall finance and accounting as well as investor relations functions of the Group. With effect from 1 October 2024, Mr Lam was appointed as the Chief Operating and Financial Officer of the Company. He is also a director of certain subsidiaries of the Group. Before joining the Company, he was the director of Finance and Accounts of NWD, a listed public company in Hong Kong. Prior to working with NWD, Mr Lam was the chief financial officer of ANTA Sports Products Limited as well as an executive director and the chief financial officer of SOHO China Limited, both being listed public companies in Hong Kong. Mr Lam is a member of the HKICPA. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong and a Master of Science degree in Accounting and Finance from The London School of Economics and Political Science. Mr Lam is also a seasoned investor relations professional with a strong equity research background. He was awarded the Hong Kong Investor Relations Association's Best IR by CFO Large Cap and Mid Cap, Institutional Investor's Best CFOs by Buy-side (Consumer Discretionary) and Best CFOs by Sell-side (Industrials), Finance Asia's Best CFO HKSAR, Extel's Executive Team Survey — Best CFO, as well as Corporate Governance Asia's Asia's Best CFO.

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MR CHENG CHI LEONG, CHRISTOPHER

Executive Director
Length of tenure: 5.8 years
Current period of appointment*:
1 December 2023 to 30 November 2026

Mr Cheng, aged 37, was appointed as Executive Director in December 2020 and is a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Group. He has been with the Company since January 2019 and is mainly responsible for overseeing the business development and strategic investments of the Group. Mr Cheng is a director, co-chief executive officer and chief investment officer of CTF Enterprises, a holding company and substantial shareholder of the Company. He is also the Managing Director, Group Watches of CTFJ, and a non-executive director of Giordano International Limited, both of which are publicly listed companies in Hong Kong. Mr Cheng is currently a member of the thirteenth Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference of the PRC. Prior to joining the Company, Mr Cheng built his career in venture capital and hedge funds, with expertise in corporate finance, and managing public equity portfolios in Asia. Mr Cheng holds a Bachelor of Arts in Economics Degree from Harvard University. He is the son of Dr Cheng Kar Shun, Henry, the brother of Mr Cheng Chi Ming, Brian, the cousin of Mr William Junior Guilherme Doo and cousin-in-law of Mr Tsang On Yip, Patrick.



MR WILLIAM JUNIOR GUILHERME DOO *BBS, JP*

Non-executive Director
Length of tenure: 20.7 years
Current period of appointment*:
1 July 2026 to 30 June 2029

Mr Doo, aged 52, was appointed as Director in December 2005 and was re-designated from Executive Director to Non-executive Director in July 2014. Mr Doo is an executive director of FSE Lifestyle Services Limited and an independent non-executive director of The Bank of East Asia, Limited, both being listed public companies in Hong Kong. He is also an independent director of Shengyi Technology Co., Ltd., a listed company in Shanghai. Mr Doo is a solicitor admitted in the HKSAR and is currently a non-practising solicitor in England and Wales. He had legal practice experience in one of the largest global law firms specializing in finance and corporate transactions. He is a member of the Fourteenth National Committee of the Chinese People's Political Consultative Conference of the PRC. Mr Doo has been appointed as Justice of the Peace and was awarded the Bronze Bauhinia Star by the Government of the HKSAR. Mr Doo is the nephew of Dr Cheng Kar Shun, Henry, the cousin of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher and the cousin-in-law of Mr Tsang On Yip, Patrick.

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MR LAM WAI HON, PATRICK

Alternate director to Mr William Junior Guilherme Doo
Length of tenure: 5.8 years
Current period of appointment: Subject to the term of directorship of Mr William Junior Guilherme Doo with the Company or the notice of termination to be given by Mr William Junior Guilherme Doo, whichever is earlier

Mr Lam, aged 64, was appointed as Executive Director in January 2003 and was re-designated as Non-executive Director in January 2016, and retired on 25 November 2020. He was appointed as an alternate director to Mr William Junior Guilherme Doo, a Non-executive Director of the Company, on 25 November 2020. Mr Lam is currently an executive director and the Chief Executive Officer of FSE Holdings Limited. He is also an executive director, an Executive Vice-Chairman of the board of directors and the Chief Executive Officer of FSE Lifestyle Services Limited, a listed public company in Hong Kong. Mr Lam is a fellow of the HKICPA, the Institute of Chartered Accountants in England and Wales and the Chartered Professional Accountants of Ontario, Canada. He is a council member of The Hong Kong Management Association, and a member of the Board of Governors of the Technological and Higher Education Institute of Hong Kong (THEi). He is also Acting Chairman of the Asia Advisory Board of Ivey Business School of Western University, Canada, a founding director of the University of Edinburgh Hong Kong Foundation, and a member of the Hong Kong Essex Global Leader Network, University of Essex. In addition, Mr Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong. In 2021, he was conferred Chevalier of the Order of National Merit of France.



MR TSANG ON YIP, PATRICK *BBS*

Non-executive Director
Length of tenure: 2.7 years
Current period of appointment*:
1 January 2024 to 31 December 2026

Mr Tsang, aged 55, was appointed as a Non-executive Director in January 2024. Mr Tsang is a director of CTF Enterprises, Century Acquisition Limited and CTFH, each a holding company and substantial shareholder of the Company. He is also the Vice Chairman and an executive director of CTF Media & Entertainment Limited (formerly known as i-CABLE Communications Limited), an executive director of Melbourne Enterprises Limited and UMP Healthcare Holdings Limited, and a non-executive director of Giordano International Limited and SJM Holdings Limited, all of which are listed public companies in Hong Kong. Mr Tsang is a director of Cheng Yu Tung Foundation Limited and CTFE Social Solutions Limited, a governor of Chow Tai Fook Charity Foundation Limited, a member of Election Committee of the HKSAR, and a Vice Chairman of Employers' Federation of Hong Kong. He has been a member of the Fourteenth Beijing Municipal Committee of the Chinese People's Political Consultative Conference since 2023. Mr Tsang was awarded the Bronze Bauhinia Star in 2023 by the Government of the HKSAR. Mr Tsang obtained a Bachelor of Arts degree in Economics from Columbia College of Columbia University in New York, USA. Mr Tsang's spouse is a niece of Dr Cheng Kar Shun, Henry, and he is a cousin-in-law of Mr Cheng Chi Ming, Brian, Mr Cheng Chi Leong, Christopher and Mr William Junior Guilherme Doo.

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MR SHEK LAI HIM, ABRAHAM *GBS, SBS, JP*
Independent Non-executive Director
Length of tenure: 22.0 years
Current period of appointment*:
1 July 2026 to 30 June 2029

Mr Shek, aged 81, was appointed as Independent Non-executive Director in September 2004 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr Shek is the Chairman and a non-executive director of JY Grandmark Holdings Limited, a listed public company in Hong Kong. He is also an independent non-executive director of Chuang's China Investments Limited (also acts as Honorary Chairman), Chuang's Consortium International Limited, Cosmopolitan International Holdings Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Lai Fung Holdings Limited, Paliburg Holdings Limited and Shin Hwa World Limited, all being listed public companies in Hong Kong, and an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust and the trust is listed on the Hong Kong Stock Exchange). Mr Shek was an executive director and the Chairman of Goldin Financial Holdings Limited (in liquidation and delisted from the Hong Kong Stock Exchange on 31 October 2023). He was also an independent non-executive director of Country Garden Holdings Company Limited (resigned on 15 March 2024), China Resources Building Materials Technology Holdings Limited (resigned on 24 October 2025), Alliance International Education Leasing Holdings Limited (resigned on 30 April 2026) and ITC Properties Group Limited (retired on 21 August 2026), all being listed public companies in Hong Kong as well as an independent non-executive director of Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust and the trust is listed on the Hong Kong Stock Exchange) (retired on 19 May 2026). Mr Shek was a member of the Legislative Council for the HKSAR representing real estate and construction functional constituency from 2000 to 2021. He was appointed as Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star in 2007 and 2013 respectively. Mr Shek graduated from the University of Sydney with Bachelor of Arts and attained a Juris Doctor degree of The City University of Hong Kong.



MR LEE YIU KWONG, ALAN
Independent Non-executive Director
Length of tenure: 13.9 years
Current period of appointment*:
1 October 2024 to 30 September 2027

Mr Lee, aged 82, was appointed as Independent Non-executive Director in October 2012 and he is also the Chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. Mr Lee is an independent non-executive director of a subsidiary of the Group.

Previously, Mr Lee served as the Chief Executive Officer of CSX World Terminals Hong Kong Limited and ATL. He has garnered over 40 years of experience in the shipping and logistics industry, including 15 years of international operating and management experiences in the United States, the Netherlands, Malaysia, Singapore, and Thailand.

Mr Lee also served as Chairman of the Hong Kong Container Terminal Operators Association. Additionally, he was a member of several committees: Hong Kong Business Advisory Committee, Logistics Advisory Committee of the Hong Kong Trade Development Council, Hong Kong Port Development Council, Hong Kong Logistics Development Council, and the Hong Kong Sailors' Home and Missions to Seamen (renamed Hong Kong Sailors Home and Mission to Seafarers).

Mr Lee is a trained accountant with over six years of experience at KPMG.

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MRS OEI WAI CHI GRACE FUNG

Independent Non-executive Director
Length of tenure: 10.7 years
Current period of appointment*:
1 January 2025 to 31 December 2027

Mrs Oei, aged 73, was appointed as Independent Non-executive Director in January 2016 and is also a member of the Nomination Committee and the Environmental, Social and Governance Committee of the Company. She is currently the Chairperson of Ronald McDonald House Charities in Hong Kong since September 2008 and she has been elected to the global board of trustees of Ronald McDonald House Charities in Chicago since 1 January 2015. Mrs Oei had worked in investment banking and wholesale banking for 36 years. She was the Vice Chairman, Corporate & Institutional Clients, at Standard Chartered Bank, Hong Kong when she retired from the bank in November 2014. Before joining Standard Chartered Bank in 2002, she had worked with UBS for nine years including service as Managing Director responsible for corporate finance and fixed income. During her service with UBS, Mrs Oei had regional responsibilities for institutional sales, fixed income, supervising a team in Hong Kong and Singapore which covered 13 countries in Asia (excluding Japan). Her team advised central banks and other institutional investors in Asia on fixed income investments and hedging strategies for interest rates and currencies. Mrs Oei had taken on a number of public service responsibilities over the years, including as a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission and a member of the Finance Committee of the Hong Kong Housing Authority. Mrs Oei graduated from the London School of Economics and Political Science, London University, with a BSc (Econ) degree, majoring in Accounting and Finance.



MR WONG KWAI HUEN, ALBERT *SBS, BBS, JP*

Independent Non-executive Director
Length of tenure: 8.2 years
Current period of appointment*:
9 July 2024 to 8 July 2027

Mr Wong, aged 74, was appointed as Independent Non-executive Director in July 2018 and is also the Chairman of the Environmental, Social and Governance Committee of the Company. He is currently the principal of Huen Wong Consultancy. He was the principal of Fried, Frank, Harris, Shriver & Jacobson (China Offices) and has served as its Managing Partner in Asia from 2006 until 2011. He is also an independent non-executive director of Hua Hong Grace Semiconductor Limited (formerly known as Hua Hong Semiconductor Limited) and China International Marine Containers (Group) Co., Ltd., both companies are listed public companies in Hong Kong. He was an independent non-executive director of Vinda International Holdings Limited (resigned on 31 August 2024) (the company was delisted from the Hong Kong Stock Exchange on 16 August 2024). Mr Wong holds a Bachelor of Arts degree from The Chinese University of Hong Kong and a Bachelor of Laws degree from the University of London, United Kingdom. He is admitted as a solicitor in Hong Kong, the United Kingdom and Singapore. Mr Wong is the Honorary Chairman of Hong Kong International Arbitration Centre. He is also the Chairman of the Board of Review (Inland Revenue Ordinance) and the Board of Directors of HKBU Chinese Medicine Hospital Company Limited and the Honorary Legal Adviser of Hong Kong Business Accountants Association. He was formerly the President of the Law Society of Hong Kong and the Inter-Pacific Bar Association, Chairman of the Copyright Tribunal, Honorary Adviser of Financial Reporting Council and a council member of The Hong Kong Institute of Directors. Mr Wong holds the posts of honorary lecturer, external examiner and professorships at The University of Hong Kong, The Chinese University of Hong Kong, City University of Hong Kong, The Hang Seng University of Hong Kong and Hong Kong Shue Yan University. He was appointed as Justice of the Peace in 2010 and was awarded the Bronze Bauhinia Star and Silver Bauhinia Star by the Government of the HKSAR in 2014 and 2022 respectively.

* *Pursuant to the bye-laws of the Company, directors are subject to retirement by rotation and re-election. Each director shall retire from office by rotation at least once every three years. Depending on the number of directors on the Board, a director's actual period of appointment after re-election may, in certain circumstances, be less than three years.*



PROFESSOR CHAN KA KEUNG, CEAJER *GBS, SBS, JP*

Independent Non-executive Director
Length of tenure: 4.7 years
Current period of appointment*:
1 January 2025 to 31 December 2027

Prof. K.C. Chan, aged 69, was appointed as Independent Non-executive Director in January 2022 and is also the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company. Prof. K.C. Chan is the Chairman and a non-executive director of WeLab Bank Limited and Senior Advisor of WeLab Holdings Limited, a leading fintech company in Asia with one of the first virtual banks established in Hong Kong. He is also an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited, Guotai Junan International Holdings Limited and China Overseas Land & Investment Limited, all being listed companies in Hong Kong, as well as an independent non-executive director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed in Hong Kong). Prof. K.C. Chan was the independent non-executive director of USPACE Technology Group Limited (renamed China Strategic Technology Group Limited) (resigned on 28 November 2023), whose shares are listed on the Hong Kong Stock Exchange. He was also an independent non-executive director of Greater Bay Area Homeland Investments Limited (resigned on 17 January 2026).

Prof. K.C. Chan was appointed as the Secretary for Financial Services and the Treasury of the Government of the HKSAR from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in the Hong Kong University of Science and Technology ("HKUST"). He is currently Adjunct Professor at HKUST Business School. Prof. K.C. Chan received his bachelor's degree in economics from Wesleyan University and his M.B.A. and Ph.D. in finance from the University of Chicago. He specialized in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics. Prof. K.C. Chan is the Chairman of The Chamber of Hong Kong Listed Companies, a director of the One Country Two Systems Research Institute and a member of the Hang Seng Index Advisory Committee. In the past, he held a number of public service positions including Chairman of the Consumer Council, a director of the Hong Kong Futures Exchange, a non-executive director of The Hong Kong Mortgage Corporation Limited, and a member of the Commission on Strategic Development, Commission on Poverty, Competition Commission, the Exchange Fund Advisory Committee and the Hong Kong Council for Academic Accreditation.



MS NG YUEN TING, YOLANDA *MH*

Independent Non-executive Director
Length of tenure: 3.8 years
Current period of appointment*:
1 December 2025 to 30 November 2028

Ms Ng, aged 51, was appointed as Independent Non-executive Director in December 2022 and is also a member of the Environmental, Social and Governance Committee of the Company. She is a media veteran and multi-channel network (MCN) incubator, and holds a number of public service positions.

Ms Ng is currently a board member of the West Kowloon Cultural District Authority ("WKCDA"), the Hong Kong Palace Museum and the Hong Kong Resource Centre for Heritage and chairs the WKCDA's Working Group on Youth and Community Engagement. She is also Co-Chairperson of the Cultural and Art Committee of Hong Kong Women Professionals and Entrepreneurs Association, Advisor for Our Hong Kong Foundation and the degree of Master of Arts in Arts Tech and Digital Communication, Hong Kong Chu Hai College, Chairman of Cultural Power, Vice Chairman of The Hong Kong Institute for Promotion of Chinese Culture and ICH June, a member of the Mega Arts and Cultural Events Committee, Commission on Children and Council of The Hong Kong Academy for Performing Arts. She is also the Founder of InspirNation and the Director of Business Development of Cheer Champion Cyber Limited. Ms Ng served as a Wan Chai District councilor for 12 years from 2008-2019 and was the Chairperson of the Cultural and Sports Committee of the Wan Chai District Council.

Ms Ng is an active member of the creative and media industries. Previously she was a journalist, a programme host, and playwright for radio drama and new media programmes. Ms Ng hosted various current affairs programmes on Radio Television Hong Kong and HK Open TV. Her numerous published works cover such contemporary themes as women's societal and community engagement, memoirs and culture of Hong Kong and social issues of teenage pregnancy.

* *Pursuant to the bye-laws of the Company, directors are subject to retirement by rotation and re-election. Each director shall retire from office by rotation at least once every three years. Depending on the number of directors on the Board, a director's actual period of appointment after re-election may, in certain circumstances, be less than three years.*

Senior Management

Mr Cheng Chi Kwok

Senior Director — Roads
CTF Services Limited

Mr Cheng, aged 62, joined New World Group in 1993 and is the Senior Director (Roads) of the Company. He is also a director of NWS Infrastructure Management Limited, a wholly owned subsidiary of the Company. Mr Cheng holds a Bachelor of Business Administration degree and he has over 30 years of experience in project development, investment and management in the infrastructure and roads business in the Chinese Mainland.

Mr Tang Wai Yau

Group General Counsel and Company Secretary
CTF Services Limited

Mr Tang, aged 56, joined the Company in November 2018 as Head of Legal and is Group General Counsel and Company Secretary of the Company. He is a solicitor qualified to practise in Hong Kong and England and Wales. Prior to joining the Company, Mr Tang worked in international law firms, corporates and organization. He has over 30 years of experience in legal, compliance and company secretarial fields.

Mr Tang holds a Bachelor of Arts degree in Public Policy and Management from University of Ulster, a Master of Social Sciences degree and postgraduate certificate in Laws from The University of Hong Kong, a Bachelor of Laws degree from Manchester Metropolitan University, a Master of Laws degree from University College London, a Bachelor of Laws degree from Peking University and a Master of Science degree in Law, Governance, Risk and Compliance from The University of Law. He is a fellow member of Hong Kong Securities and Investment Institute.

Mr Chu Tat Chi

Managing Director
Hip Hing Construction Company Limited

Mr Chu, aged 69, joined Hip Hing Construction Company Limited, a wholly owned subsidiary of the Company, in 1979 and is currently its Managing Director. Mr Chu graduated from the Hong Kong Polytechnic in 1978 with a Diploma in Building Studies. He has over 40 years of experience in the civil engineering and construction industries. Mr Chu is also a director of Quon Hing Concrete Company Limited. Prior to joining Hip Hing Construction Company Limited, he had worked in the Public Works Department of Hong Kong Government.

Ms Lee Yuk Har, Monica *MH*

Managing Director
Hong Kong Convention and Exhibition Centre (Management) Limited

Ms Lee, aged 61, joined HML, a wholly owned subsidiary of the Company, in 1994 and is currently its Managing Director. Ms Lee is a proven veteran in the hospitality industry and venue management for over 30 years. She is an executive committee member of the Hong Kong Exhibition & Convention Industry Association. She is the Vice-President of UFI — The Global Association of the Exhibition Industry for 2023-2026 to lead the organization, which comprised 895 member organizations in 85 countries and regions. Ms Lee serves as a Vice Chairman of the Industry Advisory Committee on the School of Hotel and Tourism Management of the Hong Kong Polytechnic University for 2022-2028. Ms Lee was conferred the Honorary Fellowship by the Vocational Training Council ("VTC") in 2016. She has been appointed as Council Member of VTC for 2023-2027 and is currently a Director of the Board of Directors of VTC School of Business and Information Systems. Ms Lee holds a Master degree in Management from Macquarie University, Sydney, Australia, a Professional Certificate in Event Management & Marketing from the School of Business and Public Management of George Washington University, USA.

Mr Ip Man Kit

Executive Director and Chief Executive Officer
Chow Tai Fook Life Insurance Company Limited

Mr Ip, aged 62, joined CTF Life, a wholly owned subsidiary of the Company, in February 2022 and currently serves as its Executive Director and Chief Executive Officer.

He brings over 30 years of dedicated experience in the life insurance industry, having held various executives roles at AIA Hong Kong across diverse disciplines, including information technology, operations, project management, transformation as well as health and wellness business development in both Hong Kong and the Chinese Mainland.

Mr Ip also played a pivotal role in shaping industry standards through his leadership as Chairman and member of key industry associations, including the Medical Insurance Association and the Hong Kong Federation of Insurance. In recent years, he has been a key driving force behind medical insurance reform and a trailblazer in leading digital transformation initiatives at AIA Hong Kong.

Prior to joining CTF Life, he was Chief Operations Officer at AIA Hong Kong.

Mr Ip holds a Bachelor of Arts in Commerce and Economics and Computer Science, University of Toronto, Canada.

Mr Chan Kin Wah

Director and President
CTF Logistics Holdings Limited

Mr Chan, aged 55, joined the Company in 2007. He currently serves as the Director of Logistics and Facility Management and is responsible for various businesses in the Group including logistics facilities, facilities management as well as healthcare services. Mr Chan is a director and the President of CTF Logistics Holdings Limited. He is also a director of certain subsidiaries of the Group. Prior to working with the Company, Mr Chan had worked in several major corporations in Hong Kong including Telecom conglomerate, container terminal operator, railway operator and transportation infrastructure operator. Mr Chan has over 30 years of experience in project management, project development, investment and accounting and finance fields in Hong Kong and the Chinese Mainland. Mr Chan holds a Bachelor degree of Commerce, majoring in accountancy, from the University of Wollongong in Australia. He is also a fellow member of the HKICPA and CPA Australia.

Mr Tsui Chi Kin, Ellick *JP*

Executive Director, Deputy Chief Executive Officer and Chief Financial Officer
Chow Tai Fook Life Insurance Company Limited

Mr Tsui, aged 63, joined CTF Life, a wholly owned subsidiary of the Company, in December 2020 and is currently its Executive Director, Deputy Chief Executive Officer and Chief Financial Officer. Mr Tsui has over 40 years of experience in the insurance industry and has worked in various areas from regional business development covering the Chinese Mainland, India, Indonesia and the Philippines, to marketing and branding, product development, pricing, investment, ALM, valuation, capital management and risk. He also held management positions at BOC Life, HSBC Life, Sun Life and Manulife. Before returning to Hong Kong in 1999, Mr Tsui worked at Canada Life in Toronto, Canada for almost 10 years with extensive overseas experience.

Mr Tsui served as Chairman of the Governing Committee of the Hong Kong Federation of Insurers (HKFI) for the term 2025/26 and is currently a Councilor of its Life Insurance Council. He also serves as the Chairman of HKFI Task Force on RBC Enhancement and a member of Task Force on Greater China Affairs. Representing HKFI, Mr Tsui sits as a member of the Insurance Regulatory Advisory Panel of the HKICPA. Further, Mr Tsui is a member of Financial Services Development Council (FSDC) Working Group on Mobilising Insurance Capital to Foster Sustainable Economic and Social Development in Hong Kong as well as a member of Hong Kong General Chamber of Commerce (HKGCC) Financial and Treasury Services Committee. He is also a member of Asian Financial Forum Steering Committee and a member of Life Committee of Actuarial Society of Hong Kong (ASHK) and an Advisory Committee member for the Insurance, Financial and Actuarial Analysis (IFAA) Programme of the CUHK Business School.

Mr Tsui holds a Bachelor of Science in Computer and Actuarial Science, University of Toronto, Canada. He is currently a fellow member of the Canadian Institute of Actuaries, Society of Actuaries of the USA, and the Actuarial Society of Hong Kong. Before joining CTF Life, Mr Tsui was the Deputy Chief Executive and Chief Financial Officer of BOC Group Life Assurance Company Limited.

Corporate Governance Report

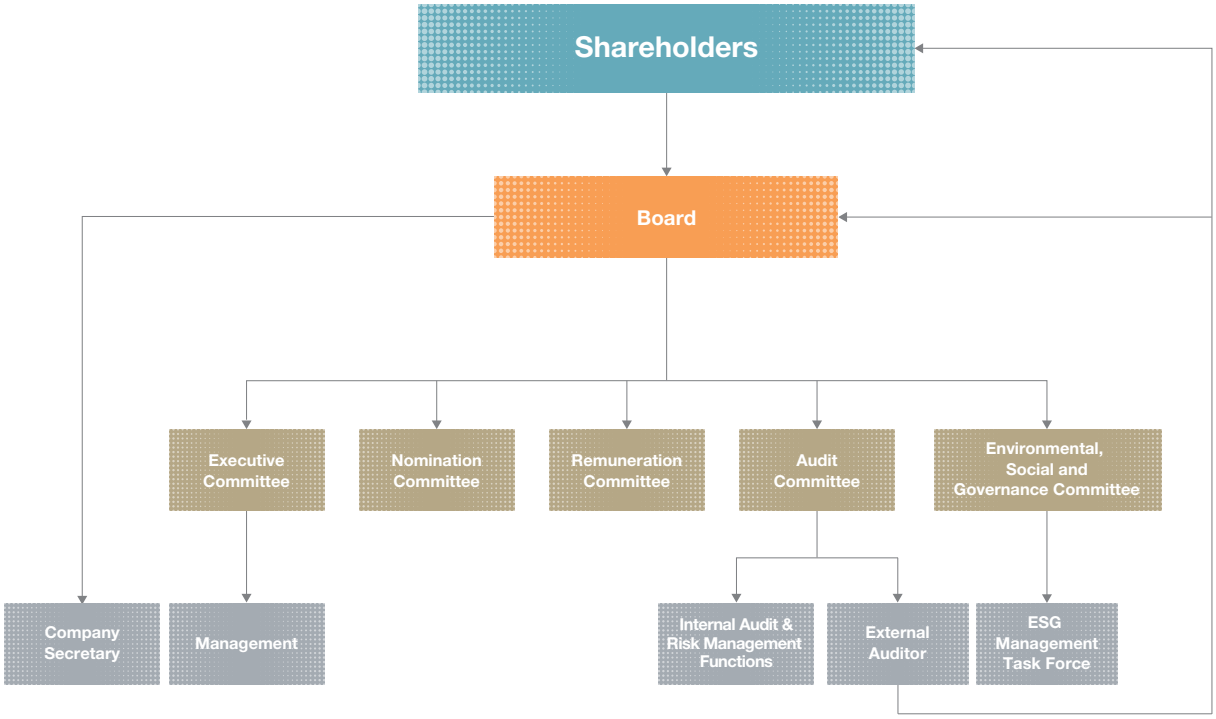
The Company has been striving to achieve good corporate governance which is the system of rules, processes and practices that the Company is managed and overseen for the purpose of balancing the interests of shareholders, the community and other stakeholders. Good corporate governance could contribute to long-term success and sustainability of the Company.

Throughout FY2026, the Company complied with all the applicable code provisions under the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Listing Rules. The Board is committed to applying the principles of good corporate governance (the "Principles") and considers that the governance practices described in this report demonstrate how these principles have been applied. Such application of the Principles could also be illustrated from the disclosure of the Company's corporate purpose, core values, strategy and their alignment with culture and governance, board composition and nomination, directors' responsibilities, delegation and board proceedings, audit, internal control and risk management, remuneration and shareholders engagement.



GOVERNANCE FRAMEWORK

The corporate governance architecture is established to continually enhance Board effectiveness and support oversight of management in its delivery of the Company's strategy as well as ensuring accountability, transparency and ethical behaviours. There is proper allocation of responsibilities among Board committees.



This framework is designed with reference to the applicable legislations and Listing Rules, and is underpinned by a collection of guidelines, policies and procedures formulated by the Board. The Board and/or the relevant Board committees conducted regular review of, and as appropriate, updates to the guidelines, policies and procedures due to changes in applicable legislations and the Listing Rules, external environment, market practices and/or internal requirements.

Policies and Guidelines

Governance	ESG
o Director's Manual o Corporate Governance Manual o Board Nomination and Diversity Policy o Terms of reference for various Board committees o Disclosure Policy for Inside Information	o ESG Board Oversight Statement o ESG Policy o Climate Change and Biodiversity Policy o ESG Due Diligence Guideline for Investment
Risk Management and Internal Control	**Stakeholders**
o Governance Policy on Risk Management & Internal Control Systems o Enterprise Risk Management Policy o Enterprise Risk Management Procedure o Anti-Fraud and Counter-Corruption Policy o Whistleblowing Policy o Internal Audit Policy	o Shareholders' Communication Policy o Code of Conduct Policy o Code of Ethics o Equal Opportunity Policy o Workforce Diversity Policy o Dividend Policy

LEADERSHIP

Board Governance

Major Roles and Responsibilities of the Board

- For the purpose of enabling long-term success of the Group and enhancing shareholder value, the Board develops the culture, sets the overall strategy and directs the affairs of the Group, as well as supervises management and ensures good corporate governance policies and practices are implemented within the Group.

- In the course of discharging its duties, the Board acts with integrity and in good faith, with due diligence and care, and in the best interests of the Company and its shareholders as a whole.

- Matters reserved for the Board include, among others, the approval of the Group's strategic objectives and business plans, annual budgets, significant investments, major acquisitions and disposals, financial reporting, dividend policy and declarations, risk management and internal control systems, corporate governance matters, and appointments to the Board and senior management.

Delegation by the Board

- The Board retains responsibility for the overall leadership, strategic direction, oversight and governance of the Group, including setting the Group's culture, values, risk appetite and long-term objectives. Management is responsible for implementing the strategies and policies approved by the Board, managing the day-to-day operations of the Group and reporting to the Board on the Group's performance and business developments. The Board and management work collaboratively to ensure that the Group's strategic objectives are effectively implemented while maintaining appropriate accountability and oversight.

- Day-to-day operation of the businesses of the Company is delegated to the management which is overseen by the Executive Committee. The management is closely monitored by the Board and is accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board.

- The Board carries out certain of its oversight responsibilities through its committees, allowing more in-depth consideration devoted to overseeing key issues.

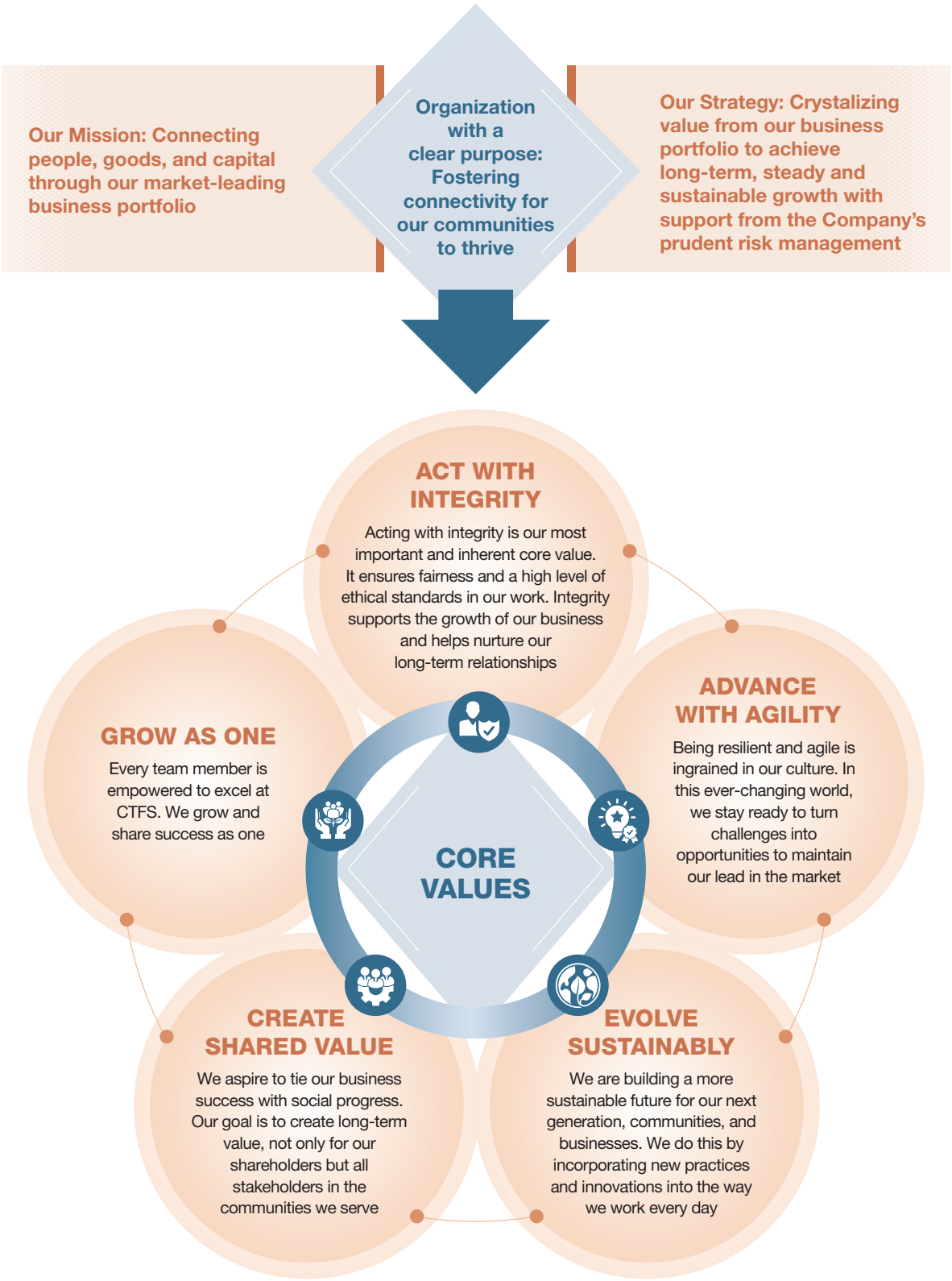
- The Board reviews the delegated authorities from time to time to ensure that they remain appropriate having regard to the Group's business needs and governance framework.

Chairman and Co-Chief Executive Officers

- The Chairman is Dr Cheng Kar Shun, Henry and the Co-Chief Executive Officers are Mr Cheng Chi Ming, Brian and Mr Ho Gilbert Chi Hang. The two posts are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Co-Chief Executive Officers' responsibility on day-to-day management of the Company's business.

- Division of responsibilities between the Chairman and the Co-Chief Executive Officers are clearly established and set out in writing.

Our Purpose, Core Values, Strategy and Their Alignment with Culture



The Board believes that a robust culture is fundamental to the success of our business and is determined to nurture a culture which drives the achievement of our purpose, mission and delivery of strategy. Good corporate governance involves developing and promoting a culture that will underpin the diversity of strong business performance without excessive risk taking. Our purpose-led culture, developed throughout the years and put in practice by our directors and staff, is endogenous in nature. It is deeply embedded into our thoughts, beliefs, attitudes, norms and behavioural patterns and brought to life by our five interconnected and complementary core values: "***Act with Integrity***", "***Grow as One***", "***Advance with Agility***", "***Create Shared Value***" and "***Evolve Sustainably***". This set of values cascades down the organization from the Board to every one of our colleagues, outlining our expected behaviour for driving and reinforcing the desired culture. The Board sets the cultural tone from the top and performs the role of the guardian of our culture and core values, ensuring our culture is aligned with our strategy, overseeing our conduct and business with the aim of promoting the success of the Group for the benefit of our shareholders, other stakeholders and the wider community. Our culture comprises, inter alia, the five core values that have been fully integrated into our business practices and operations with particular emphasis in their contributions towards sustainability and sustainable business growth. Further information relating thereto could be found in our ESG report.

Our Core Values

Act with Integrity

The Company is committed to upholding the highest standards of integrity. Our core value of acting with integrity guides the decisions, actions and behaviours throughout the organization and lays down the foundation for the way in which we conduct our business. Directors, management and other employees are required to act lawfully, ethically and responsibly. To this end, various policies, guidelines, controls and systems have been established and updated from time to time in light of the evolving regulatory landscape, including but not limited to, "Code of Conduct Policy", "Code of Ethics" and "Employee Grievance Policy" in the "Employee Handbook", "Anti-Fraud and Counter-Corruption Policy", "Policy on Conflict of Interest" and "Whistleblowing Policy". During FY2026, anti-corruption training session had been provided to the directors and staff of the Company. "Whistleblowing Policy" continues to provide channels for employees and external parties to raise concerns in confidence. Please refer to the ESG report which contains our other measures in relation to this core value. All the above enhances the established practice of acting with integrity of our directors and staff.

Grow as One

It is our belief for the Company and its staff to grow as one, through programmes and measures that foster growth and promoting well-being of our staff, and enhancing their sense of belonging as an important part of building a strong culture to ensure that our leadership team possesses the appropriate skills and traits. We seek to invest in leadership development through one-on-one coaching or group workshop to enhance management capability. Our efforts for promoting the core value of "Grow as One" are set out in our ESG report.

Advance with Agility

In the face of the rapidly changing economic, social, geopolitical and regulatory landscape, we remain agile to address the challenges ahead with the aim of mitigating risk associated therewith and capitalise on emerging opportunities. For the purpose of updating our directors on the opportunities and challenges of our business segments, business briefing sessions and site visits were conducted to facilitate directors' interaction with senior management and discharge of directors' oversight responsibilities. In line with our core value "Advance with Agility", we have also taken proactive approaches in sustainability financing as well as incorporated ESG due diligence evaluation process in our investment analysis and decision making process. Please refer to our ESG report which describes our efforts, measures and actions in relation to this core value.

Create Shared Value

The core value "Create Shared Value" represents our efforts in promoting economic growth and societal advancement and is reflected in our collaboration with suppliers, business partners, local communities and customers along our value chain. Among the aforesaid efforts, the collaborations with local communities involved our charity foundation and volunteer alliance which aim to focus on "Empower for Change", "Build for Support" and "Drive for the Future" for the purpose of creating positive impact on the society. Please find further information in relation to this core value in our ESG report.

Evolve Sustainably

It is expected from all stakeholders that substantial efforts shall be placed on the initiatives which lead to positive environmental change and full compliance with the relevant regulations. The core value "Evolve Sustainably" involved on the part of the Company's attempts to strive for continuous improvement and to drive operational optimization and product excellence. Such attempts had been embedded in our belief as well as in operations of various businesses and segments. As a highlight, "Evolve Conference" offered valuable opportunities to share insights on innovative sustainability practice with management and different business units and Mini Fireside Chats had helped staff to enhance awareness in various ESG aspects. Please find in our ESG report the relevant measures and disclosures relating to this core value.

Board Composition

- As at the date of this report, the Board is a diversified board of 13 members, representing a balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors combined with fresh perspectives from newer directors:

Executive Directors (5)	Non-Executive Directors (2)	Independent Non-Executive Directors (6)
• Dr Cheng Kar Shun, Henry • Mr Cheng Chi Ming, Brian • Mr Ho Gilbert Chi Hang • Mr Lam Jim • Mr Cheng Chi Leong, Christopher	• Mr William Junior Guilherme *Doo (alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick)* • Mr Tsang On Yip, Patrick	• Mr Shek Lai Him, Abraham • Mr Lee Yiu Kwong, Alan • Mrs Oei Wai Chi Grace Fung • Mr Wong Kwai Huen, Albert • Professor Chan Ka Keung, Ceajer • Ms Ng Yuen Ting, Yolanda

- The biographical details of the Directors, including their relationships (if any), length of tenure, current period of appointment, positions held within the Group, major external appointments, professional qualifications (where applicable) and relevant skills, knowledge, experience and diversity of perspectives contributing to the Board, and the updated information pursuant to Rule 13.51B of the Listing Rules, are set out in the "Board of Directors and Senior Management" section of this annual report.

- The independent non-executive directors have actively participated in the Board committees of the Company and have made significant contribution of their skills and expertise to these committees. Coming from diverse business and professional backgrounds, the independent non-executive directors have shared their valuable experience to the Board for promoting the best interests of the Company and its shareholders.

Roles in the Boardroom



Chairman of the Board

- Leadership and management of the Board to ensure its effective functioning
- Leading the discussions on the Company's overall strategy
- Responsible for establishment of robust corporate governance practices and procedures
- Ensuring clear Board and committee structure for effective operation
- Promoting a culture of openness and communication between Board members
- Meeting regularly with all the Independent Non-Executive Directors without the presence of other directors
- Seeking to ensure effective communication and maintaining relationship with shareholders and other stakeholders



Executive Directors

- Leadership and management of the Group's business and operational matters on a daily basis
- Devising strategy and formulating policies for consideration and approval by the Board
- Leading the implementation of the Group's strategy and decisions made by the Board
- Driving business and financial performance and development of the Group
- Promotion of culture across the Group
- Implementing and monitoring internal controls
- Leading management succession planning



Non-Executive Directors

- Providing advice and guidance on strategy, policy and performance
- Offering constructive advice to management in the delivery of corporate objectives
- Scrutinising the performance of the Executive Directors and management
- Must abstain from voting on resolutions where the risk of conflict of interest arises



Independent Non-Executive Directors

- Bringing independent oversight in respect of Board decisions, accountability, key appointments and standards of conduct
- Raising queries and holding management to account
- Promoting high standards of integrity and corporate governance
- Taking the lead where potential conflicts of interests arise
- Serving on Board committees
- Ensuring that the interests of minority shareholders are protected
- Holding Executive Directors to account to support good decision making by the Board
- Scrutinising the Company's performance in achieving agreed corporate goals and objectives and monitoring performance reporting
- Satisfying themselves on the integrity of financial information and reviewing the Group's risk exposure and controls

Diversity

Board Nomination and Diversity

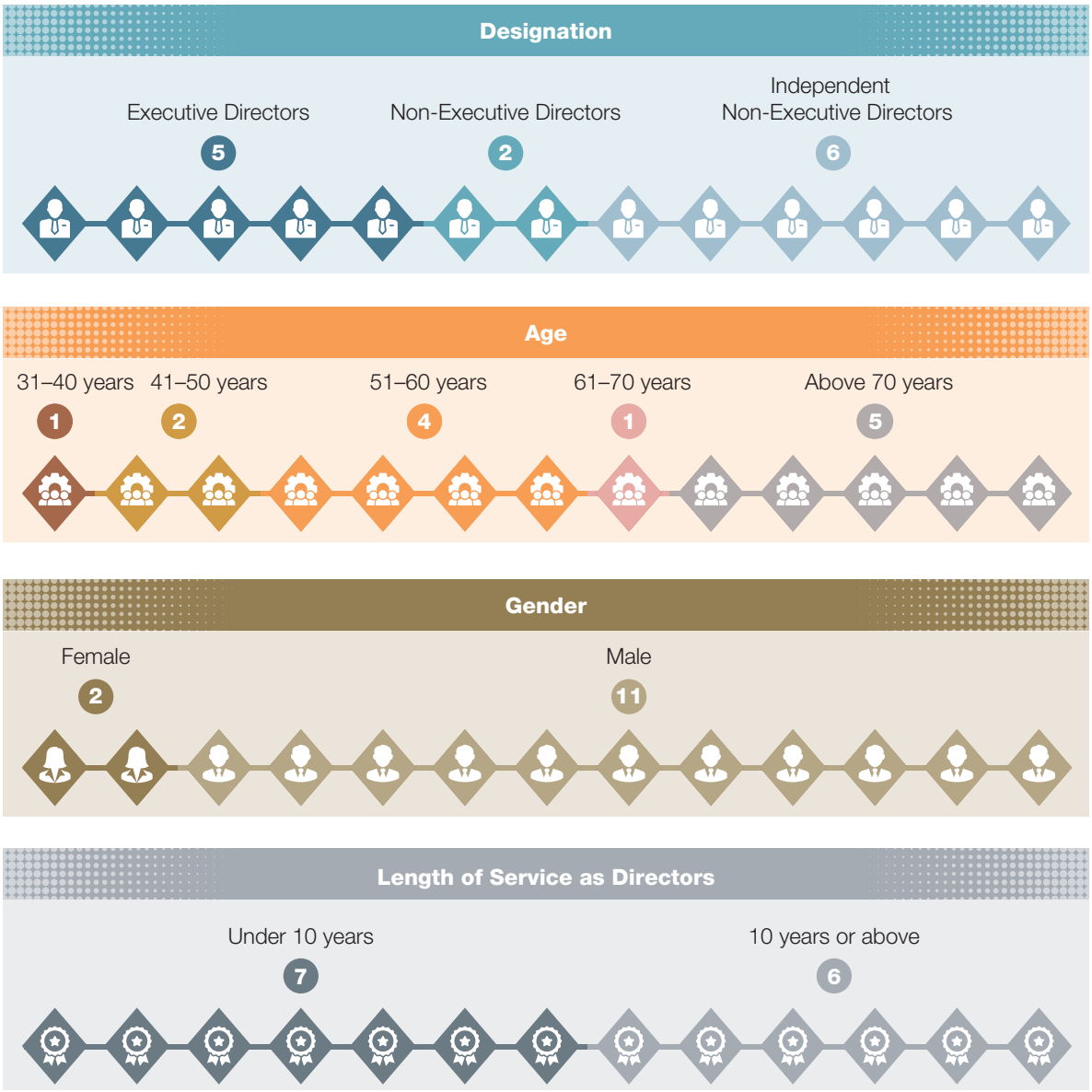
- The Board adopted the "Board Diversity Policy" in June 2013 which was revised and updated in September 2022, setting out the approach to achieve diversity on the Board, and drawing on a broad spectrum of directors' background in a bid to achieve comprehensive considerations in forming board decisions and contribute to the achievement of long-term objectives of the Company. In February 2025, the "Board Diversity Policy" was further revised and renamed to "Board Nomination and Diversity Policy" to explicitly set out the numerical targets for achieving gender diversity of the Board and director nomination procedures.

- According to the "Board Nomination and Diversity Policy", a truly diverse board will include and make good use of the diversity in the skills, regional and industrial experience, background, race, gender and other qualities of the members of the Board. Achieving diversity will be taken into account in determining the optimal composition and skills matrix of the Board.

- The "Board Nomination and Diversity Policy" also states that the Nomination Committee is responsible for setting annual measurable objectives to implement diversity on the Board and recommends them to the Board for adoption. The "Board Nomination and Diversity Policy" was reviewed by the Nomination Committee on an annual basis to ensure its effectiveness. The Nomination Committee considered that the Board maintains the right mix of skills, experience, knowledge, expertise, culture, independence, age and gender that can satisfy the requirements of the "Board Nomination and Diversity Policy". The Board: (a) reviewed the implementation and effectiveness of the Board diversity policy during FY2026; (b) considers that an appropriate balance of skills, experience and diversity of perspectives is currently maintained by the Board; and (c) confirmed the "Board Nomination and Diversity Policy" has been effectively implemented.

- All Board appointments are made on merit, having regard to the Board's existing composition, the skills and experience required to support the Group's strategy, and the objective of maintaining diversity of perspectives. The Board regularly reviews the skills, experience and diversity required to support the Group's strategy and long-term development.

- Our Board has a balance of tenure, diversity and age, with an effective mix of experience and fresh perspective. The following and the section "Board Expertise" illustrate the diversity profile of the Board members as at the date of this report:



- When considering new appointments to, or the replacement of, Board members, the Company seeks appropriate candidates to enhance the gender diversity of the Board. In developing a pipeline of potential successors to the Board, the Nomination Committee takes diversity considerations, including gender diversity, into account as part of the Board succession planning process. Potential candidates will be identified from both internal and external sources, having regard to the skills, experience, professional expertise and diversity attributes required by the Board. Currently, female directors represent approximately 15% of the Board. The Company is committed to maintaining representation of each gender on the Board at no less than 10%.

Board Expertise

- Our directors bring varying perspectives to the Board based on their distinct backgrounds and experience. The skill matrices below highlight the attributes of our directors, whose capability aligns with the scale, complexity and strategic positioning of our business, and summarise the key skills and experience currently represented on the Board:

Expertise	Relevance to the Company
(A) Extensive board and executive management experience	Experience in a leading role facilitates understanding of many facets of the Group, including strategy, financial reporting and compliance, risk oversight.
(B) Relevant industry experience of the Group, including toll road operation, financial services, logistics, construction, facilities management and strategic investment	Deep industry knowledge assists in understanding the issues faced by the Group and can direct the Company to focus on value drivers.
(C) Other listed company directorship roles	Understanding of financial, legal and regulatory requirements applicable to listed companies is crucial to maintenance of high corporate governance standard.
(D) Experience in government organizations, public bodies and/or regulatory authorities and their respective committees	Relevant experience contributes to compliance with a variety of regulatory requirements and development of constructive relationship with public bodies or organizations.
(E) In-depth knowledge of Asian markets and economic, political and regulatory development	This is important as the majority of our operations are located within the Asian region.
(F) Experience in leading large and complex organizations	Providing valuable insight on challenges and opportunities conglomerates encounter in diverse business environment and market conditions, and management of change.
(G) Considerable risk management experience	The Board plays a pivotal role in risk oversight and managing most significant risks facing the Company.
(H) ESG expertise	Relevant expertise and knowledge are crucial for the Board to discharge its role in ESG governance and drive forward the Company's sustainability initiatives.
(I) Investment banking, commercial banking and investments **(J) Accounting and finance** **(K) Legal and listed company governance** **(L) Academia**	The complex and diverse nature of our business necessitates valuable input from professionals with oversight, advisory and operational experience.

Name of director	Expertise											
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Dr Cheng Kar Shun, Henry	✓	✓	✓	✓	✓	✓						
Mr Cheng Chi Ming, Brian	✓	✓	✓	✓	✓	✓		✓	✓			
Mr Ho Gilbert Chi Hang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Mr Lam Jim	✓	✓		✓	✓	✓	✓	✓	✓	✓		
Mr Cheng Chi Leong, Christopher	✓	✓	✓	✓	✓	✓			✓			
Mr William Junior Guilherme Doo	✓	✓	✓	✓	✓	✓					✓	
Mr Tsang On Yip, Patrick	✓	✓	✓	✓	✓	✓			✓			
Mr Shek Lai Him, Abraham	✓	✓	✓	✓	✓	✓						
Mr Lee Yiu Kwong, Alan	✓	✓		✓	✓	✓		✓		✓		
Mrs Oei Wai Chi Grace Fung	✓	✓		✓	✓	✓	✓	✓	✓			
Mr Wong Kwai Huen, Albert	✓	✓	✓	✓	✓	✓		✓			✓	
Professor Chan Ka Keung, Ceajer	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Ms Ng Yuen Ting, Yolanda	✓	✓		✓	✓	✓		✓				

- The Board is satisfied that its current composition provides an appropriate balance of skills, experience, background and diversity of perspectives to support the Company's purpose, values, long-term strategy and corporate culture. Having undertaken a review of the Board's composition and expertise during FY2026, the Nomination Committee and the Board concluded that the Board collectively possesses the leadership, industry, financial, risk management, regulatory and ESG expertise required to discharge its responsibilities effectively and oversee the Group's diversified operations.

- The Board remains committed to the ongoing enhancement of its collective skills and capabilities and will continue to review its skills matrix annually, with the assistance from the Nomination Committee. In response to evolving business priorities and regulatory developments, directors participate in tailored professional development and ongoing knowledge-sharing initiatives, including but not limited to digital transformation, data governance and sustainability. These initiatives support the Board's ability to exercise effective oversight and informed judgement while providing strategic guidance to the Group in an increasingly dynamic environment.

Diversity and Inclusion across Workforce

- The Board adopted the "Workforce Diversity Policy" in June 2025, setting out the Company's approach and commitment to diversity in the workforce, including senior management of the Company. In May 2026, the "Workforce Diversity Policy" was revised to clearly set out the Company's approach and commitment to diversity in senior management and workforce (excluding senior management) of the Company.

- At workforce level (including senior management), our objectives towards achieving diversity are, firstly, to promote equal opportunity in recruitment practices, and secondly, to create an inclusive workplace. We are committed to equal opportunities and aspire to be an inclusive place to work where employees can leverage their unique strengths. We harness talent assessment tools to reduce bias in the recruitment process. To arouse employees' awareness of diversity and inclusion and to promote their understanding and appreciation of diverse perspectives, relevant training is provided to all employees. We are determined to balance gender and governance within the workforce with the appropriate mix of experience and strength.

- By bringing together employees from diverse backgrounds and giving each person the opportunity to contribute their expertise, experience and perspectives, we are able to develop the best solutions to challenges and deliver value to the Company and its shareholders. We continue to optimize the gender balance and partner with employment agencies to increase appropriate candidate pipeline and talent pool.

- We are committed to working towards a 50:50 gender balance and aim to keep the difference between the proportions of male and female employees in our workforce, excluding senior management, within 20 percentage points across the Group, except for the construction segment for which gender diversity may be less relevant due to nature of work.
- When considering new appointment or replacement of senior management, we might seek appropriate candidates to enhance gender diversity and will strive to maintain at least one (1) representative from each gender. A diverse senior management team with respect to background, experience and tenure helps to ensure a resilient, adaptable and sustainable organization.
- As at 30 June 2026, the proportion of female representation in the workforce (excluding directors of the Company and senior management) and senior management (excluding directors of the Company) were 31% and 14% respectively. For details of gender distribution, please refer to our separate ESG report.
- The Board reviewed workforce diversity statistics and related initiatives during the year. Diversity considerations form part of recruitment, promotion, succession planning and leadership development processes. The Group will continue to monitor workforce diversity indicators and assess progress towards its diversity objectives on an annual basis.

Commitment and Independence

Directors' Attendance

- Directors of the Company play an active role through contribution of their professional opinions and their active participation in the Company's affairs.
- The attendance record of each of the directors for the Board meetings, Board committees meetings and general meetings held during FY2026 are listed as follows:

	Meetings attended/held					
Name of director	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Environmental, Social and Governance Committee meeting	General meeting
Executive directors:						
Dr Cheng Kar Shun, Henry *(Chairman of the Board)*	4/5	–	–	–	–	1/2
Mr Cheng Chi Ming, Brian	5/5	2/2[1,2]	1/1	1/1	2/2	1/2
Mr Ho Gilbert Chi Hang	5/5	2/2[1,2]	1/1	1/1	2/2	2/2
Mr Lam Jim	5/5	2/2[1,2]	–	–	2/2	2/2
Mr Cheng Chi Leong, Christopher	3/5	–	–	–	–	1/2
Non-executive directors:						
Mr William Junior Guilherme Doo	5/5	–	–	–	–	2/2
Mr Tsang On Yip, Patrick	5/5	–	–	–	–	2/2
Independent non-executive directors:						
Mr Shek Lai Him, Abraham	5/5	2/2	1/1	1/1	–	2/2
Mr Lee Yiu Kwong, Alan	5/5	2/2	1/1	1/1	2/2	2/2
Mrs Oei Wai Chi Grace Fung	5/5	–	1/1	–	2/2	2/2
Mr Wong Kwai Huen, Albert	5/5	–	–	–	2/2	2/2
Professor Chan Ka Keung, Ceajer	5/5	2/2	1/1	1/1	–	2/2
Ms Ng Yuen Ting, Yolanda	5/5	–	–	–	2/2	1/2

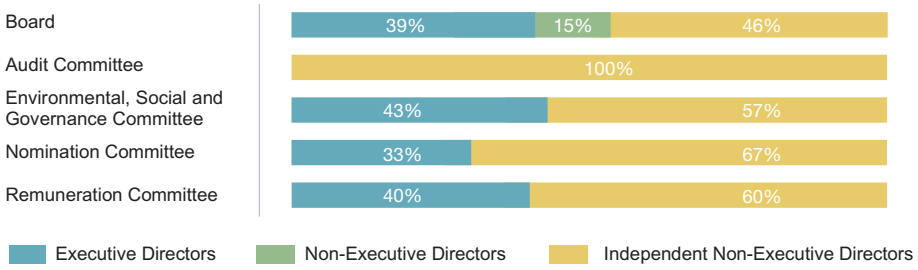
Notes:

1. Attended the meeting as an invitee.
2. Attendance by invitation does not constitute membership of the relevant committee.

Board Independence

- As at 30 June 2026, 6 out of the 13 directors of the Company are independent non-executive directors, which has exceeded the requirements under Rules 3.10(1) and 3.10A of the Listing Rules for the Board to have at least one-third (and not less than three) directors being independent non-executive directors. The Company has also fulfilled the requirement under the Listing Rules to have at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. Such high level of independence has facilitated in bringing to the Board independent advice and judgement.

- Except for the Executive Committee which comprises Executive Directors only, each Board committee comprises a majority of independent non-executive directors and is chaired by an independent non-executive director.



- In assessing independence, the Board considered all the factors as stipulated in Rule 3.13 of the Listing Rules, the independent non-executive director's length of service, nature and extent of relationship with the Group, participation in Board deliberations, ability to provide objective challenges and contribution of independent judgement. The Board is satisfied that each independent non-executive director continues to demonstrate independence in character and judgement.

- Mr Shek Lai Him, Abraham, Mr Lee Yiu Kwong, Alan and Mrs Oei Wai Chi Grace Fung, all being independent non-executive directors of the Company, have served the Board for more than nine years. Notwithstanding their long-term service, Mr Shek, Mr Lee and Mrs Oei have not engaged in any executive management role of the Group during their respective tenure as independent non-executive directors of the Company and, after having considered the factors as stipulated in Rule 3.13 of the Listing Rules, their non-involvement in daily management, their participation in Board deliberations, their ability to provide objective challenge and their contribution of independent judgement, the Board is satisfied that each of them remains independent notwithstanding his or her length of services. The Board also considered the continued relevance of their skills, experience, industry knowledge and diversity of perspectives to the Board, and concluded that their long service continues to contribute positively to the effectiveness of the Board.

Mechanisms for Ensuring Independence

- A written confirmation was received by the Company from each of the independent non-executive directors in relation to his/her independence based on the criteria set out in Rule 3.13 of the Listing Rules to the Company. After having considered all the independent non-executive directors met all the guidelines for assessing independence as stipulated in Rule 3.13 of the Listing Rules and other circumstances, the Board considers all its independent non-executive directors to be independent.

- The Board has separate and independent access to the senior management and the Company Secretary at all times. Senior management or department heads are invited to present to the Board on different topics. Directors can request management to provide further information to the Board on request. Besides, independent professional advice can be obtained at any time when he/she thinks appropriate.

- All directors are required to declare any actual or potential conflict of interest at Board meeting in relation to the matters on the agenda. Where such conflicts exist, the relevant director(s) shall abstain from voting on such agenda item(s).

- Appropriate liability insurance for the directors of the Company has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

Mechanisms for Ensuring Independent Views and Input Are Available to the Board

- In assessing candidates for directorship, the Nomination Committee considers their profiles, including external appointments which may affect potential time commitment, skills mix, any potential conflict of interest and their individual circumstances in order to ensure that there are no relationships or matters likely to impact their judgement.

- The Board structure is effective and appropriate taking into consideration the proportion of independent non-executive directors among directors (6 out of a total of 13 directors), annual independence confirmation, independent non-executive directors' non-involvement in daily operation and separation of roles of the Chairman and Co-Chief Executive Officers.

- A Board culture which encourages open discussion and expression of opinion contributes to effective oversight of Board decision-making.

- The Nomination Committee annually assesses the time commitment and contribution of each director and is satisfied that their other significant external commitments, if any, do not compromise their ability to discharge their duties effectively.

- Board evaluation, a fixed-fee remuneration package for independent non-executive directors (without reference to the performance of the Company), access to independent advice and use of the Board portal lead to enhanced efficiency, greater transparency and improved governance practices.

- With their broad range of skills, experience, background and knowledge, independent non-executive directors share their valuable insight with the Board for promoting the best interests of the Company and its shareholders.

- The Board annually reviews the implementation of independent input mechanisms to ensure its effectiveness.

Remuneration of Directors

- Each director will be entitled to a director's fee which is determined by the Board with authorization granted by the shareholders of the Company at the Company's annual general meeting.

- The remuneration of executive directors and senior management of the Company is determined with reference to their respective role, duties and responsibilities benchmarking against the industry and the prevailing market conditions and the Company's performance and profitability. The Group Human Resources and Corporate Services Department assists in providing relevant remuneration data and market conditions for the Remuneration Committee's consideration. Remuneration is performance-based and coupled with an incentive system which is competitive to attract and retain talented employees.

- The Company operates a share option scheme to incentivise directors and employees. No performance targets are attached to the share options, having regard to the purpose of recognising contributions and reinforcing long-term commitment. The value of such options is inherently linked to the market price of the Company's shares, thereby aligning participants' interests with those of shareholders.

- Non-executive directors do not receive salaries, discretionary bonuses or retirement benefits. Their remuneration comprises fixed fees only, reflecting their responsibilities and time commitment. The share options granted to non-executive directors are not subject to performance conditions and do not form part of a performance-based remuneration framework. Such grants are limited in scale and are primarily intended to recognise their past and future contributions and align long-term interests with shareholders.

- In considering any grant of share options to non-executive directors, the Remuneration Committee and the Board have regard to the scale of the grant, the absence of any performance-related remuneration structure, the need to recognise past and future contributions and the importance of safeguarding independence of independent non-executive directors.

- The emoluments paid to each director for FY2026 are shown in note 15 to the financial statements contained in this annual report.

Board Refreshment

- The Company strives for a Board that spans a range of leadership, skills and experience relevant to our strategic vision, paying attention to the Company's circumstances, near and long-term strategic goals and aspirations, changes in industry and regulatory initiatives, global political, economic and governance trends as well as the views of shareholders and other key stakeholders. In consideration of anticipated retirements and departures, the Company continues to proactively evaluate the Board's composition to facilitate a smooth transition of skills, experience and diversity in the boardroom.

Nomination, Appointment and Re-election of Directors

Nomination

- Our Nomination Committee evaluates directors' perspectives in the context of our Company's evolving business and prioritizes diversity to ensure effective Board oversight. Recognizing that the selection of qualified directors is crucial to the long-term success of the Company, formal nomination procedures were adopted by the Board for governing the nomination of directors. The Nomination Committee's process for identifying and recommending candidates are as follows:

1	**Review** Considers the Company's business model, existing needs and future plans as well as challenges and opportunities facing the Company to determine the skills, expertise, experience and characteristics that could contribute to overall Board and committee effectiveness
2	**Identify** Identifies potential candidates with desired background and skill sets with reference to the "Board Nomination and Diversity Policy" of the Company
3	**Evaluate** Seeks candidates who: ✓ demonstrate integrity, informed judgment, vision, leadership mindset and commitment to representing the long-term interests of the Company's shareholders ✓ possess skills and experience complementary to those of existing directors ✓ are prepared to devote sufficient time and effort to participate in Board and committee activities ✓ in the case of independent non-executive directors, adhere to the independence guidelines set out in the Listing Rules, as well as assessing any circumstances that may affect independence
4	**Recommend** After reviewing and discussing the nomination of any director for his/her suitability on the basis of qualifications, experience and background, the Nomination Committee recommends director candidates to the Board with the goal of creating a balance of knowledge, experience and diversity

Appointment

- The Board, having considered the recommendation from the Nomination Committee, will decide whether to approve the proposed appointment.

- For any person that is nominated for election as a director at the general meeting of the Company, the Nomination Committee and the Board will determine whether such candidate is qualified for directorship. Where appropriate, the Board will make recommendation to shareholders in respect of the proposed election of director(s) at the general meeting.

- None of the directors of the Company has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

- All directors (including non-executive directors) are appointed under a fixed term of three years and are also subject to retirement on a rotational basis in accordance with the bye-laws of the Company.

Re-election

- The Nomination Committee will evaluate the re-electing directors based on the criteria as set out in the "Board Nomination and Diversity Policy" and make recommendations to the Board on the re-election and re-appointment of directors as appropriate, having regard to the profile of the director seeking re-election, the strategy of the Company and the structure, size and composition of the Board at the relevant time.

- The Board will consider whether to put forward the proposal for re-election of directors for shareholders' consideration.

    - Newly appointed directors
      All directors appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

    - Existing directors
      Not less than one-third of the directors who have been the longest in office since their last re-election or appointment shall retire and be eligible for re-election at each annual general meeting. Each director is subject to retirement by rotation at least once every three years.

      Any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to a separate resolution to be approved by the shareholders. The Nomination Committee and the Board consider the factors and discuss whether the proposed director is still considered independent.

Dr Cheng Kar Shun, Henry, Mr Lam Jim, Mr Cheng Chi Leong, Christopher, Mr William Junior Guilherme Doo and Professor Chan Ka Keung, Ceajer will retire by rotation at the forthcoming annual general meeting of the Company (the "2026 AGM"). Each of the aforementioned directors, being eligible, will offer for re-election at the 2026 AGM.

EFFECTIVENESS

Board Operations

Board Meeting

- The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. Five Board meetings were held during FY2026.

- Notice of no less than 14 days was given to all directors for the regular Board meetings. Draft agendas for Board meetings were prepared by the Company Secretary and were circulated to all directors for comment before each meeting. Directors were given an opportunity to include any other matters in the agenda. As far as practicable, board papers were made available to the directors not less than three business days before the intended date of the Board meetings.

- Minutes of Board meetings were prepared by the Company Secretary with details of decisions reached, any concerns raised and dissenting views expressed. The draft minutes were sent to all directors within a reasonable time after each meeting for their comment before being formally signed by the chairman of the meeting. Final versions of minutes of the Board meetings were made available to the directors for information and record.

- At each regular Board meeting, executive directors of the Company or management made presentations to the Board on various aspects, including business performance, financial performance, corporate governance and outlook, etc.

- Throughout FY2026, directors of the Company also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by the subject executive directors or the Company Secretary when required.

- Pursuant to the bye-laws of the Company, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his/her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates is to his/her knowledge materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors entitled to vote. These bye-laws were strictly observed throughout FY2026.

Securities Transactions of Directors and Relevant Employees

- The Company has adopted the "Code for Dealing in Securities of the Company by Directors of the Company and Relevant Employees of the Group" ("Dealings Code") as its own code of conduct for governing the securities transactions by directors and specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Specific enquiry was made with all directors of the Company and the Relevant Employees and it was established that they had all complied with the required standard of the Dealings Code during FY2026.

- Employees are bound by the corporate policy issued by the Company, among other things, to keep unpublished inside information confidential and refrain from dealing in the Company's securities if they are in possession of such inside information.

- Formal notifications are sent by the Company to all directors and Relevant Employees reminding them that they should not deal in the securities of the Company during the "black-out period" specified in the Dealings Code.

Board Activities

- With a deep commitment to proper oversight and leadership of the Company's affairs, the Board devotes considerable attention to the aspects of strategy, business performance, leadership, governance and risk. Set out below are the Board's focus during FY2026:

Strategy

- Deliberation of strategic priorities and solutions to address challenges and related risks, including leveraging the CTF Group ecosystem
- Being agile to respond to the ongoing impact of geopolitical tensions, macroeconomic environment, competition, government policies and risks (including ESG risks) on business
- Staying attuned to market trend and industry dynamics
- Expansion of the Financial Services segment by acquiring Blackhorn, a professional private wealth management group headquartered in Hong Kong
- Fortifying the Group's logistics asset portfolio in the Chinese Mainland
- Further refinement of business portfolio through the issuance of exchangeable bonds and disposal of an expressway project in the Chinese Mainland
- Reviewing liquidity position and re-financing plans
- Concurrent repurchase and issuance of convertible bonds with an aim to restore the minimum public float

Business and Financial Performance

- Reviewing FY2025 preliminary results and annual report
- Reviewing FY2026 interim and quarterly results
- Monitoring business operations, challenges and opportunities
- Declaration or recommendation of dividend, including a scrip option for FY2025 final ordinary dividend
- Reviewing monthly management accounts and management updates
- Bonus issue of shares of the Company to reward shareholders and enhance share liquidity

Leadership

- Chairman's annual meeting with independent non-executive directors
- Conducting Board evaluation
- Reviewing Board composition and recommending re-election of directors
- Promoting directors' continuing professional development
- Annual assessment of directors' time commitment and contribution

Governance

- Reviewing FY2025 ESG report
- Grant of share options
- Revision of "Dividend Policy", "Workforce Diversity Policy" and "Climate Change and Biodiversity Policy"
- Renewal of services agreements with certain connected persons
- Amendments to 2021 Share Option Scheme and refreshment of the scheme mandate limit
- Revision to the FY2026 annual sales cap under the NWD Master Services Agreement
- Revision of terms of reference of Environmental, Social and Governance Committee

Risk

- Review of risk management and internal control systems
- Revision of policies and procedure regarding anti-corruption, risk management and internal control

Board Evaluation

- Board evaluation offers invaluable insight to the entire Board, directors and Board committees, which in turn enables the Board to enhance its leadership, effectiveness and focus. It is also regarded as an important component of the mechanism to ensure independent views and input are available to the Board.

Progress Made Against Board Evaluation for FY2025

To address areas highlighted by the Board evaluation for FY2025, the following steps have been taken:

Key recommendations	Actions taken
1. Roles of the Board/Board Committees and Director Duties • Enhance the Board's sensitivity and responsiveness to economic fluctuations	• The Company has arranged seminars on macroeconomic trends to support the Board's strategic deliberations and enhance its understanding of the potential implications of economic developments for the Group's businesses. • Business briefing sessions have been provided to keep the Board informed of evolving macroeconomic conditions and market developments, thereby strengthening its ability to respond to emerging opportunities and challenges.
2. Board Dynamics • Informal engagement can build trust and improve dialogue between the Board and management • More frequent updates on industry-specific developments and competitiveness	• The Company has arranged site visits to ATL Logistics Centre and GHK to enhance directors' understanding of the operating environment, business dynamics and industry trends of these operations. In addition, a visit to the Chinese Medicine Hospital of Hong Kong was arranged to provide directors with further insights into the broader healthcare ecosystem, including perspectives from public healthcare sector. • Directors have received updates on the competitive landscape of the Hong Kong construction sector, as well as the operational performance and business outlook of Hip Hing Construction Group. • A webinar on CTF Life's insurance products and business developments has been conducted to broaden directors' understanding of the insurance business.
3. Performance Monitoring • Suggest to consider incorporation of best practices in data privacy protection, cybersecurity, risk management and the evolving regulatory landscape • Keep the Board abreast of sustainability reporting requirements	• Directors have received briefings and training on data privacy protection, cybersecurity, risk management and regulatory developments to strengthen the Board's oversight of emerging risks and evolving governance expectations. • A webinar on climate scenario analysis and the Board's role in overseeing climate-related risks and opportunities has been conducted to enhance directors' understanding of sustainability-related matters and reporting requirements.

Key recommendations	Actions taken
4. Board composition and diversity • Improve gender diversity and recruit technology and IT professional background members • More discussions regarding board-level executive management succession planning	• Diversity of perspectives, professional background, industry experience, skills and gender will continue to be considered, where appropriate, in the identification and evaluation of potential director candidates. • Board and senior management succession planning will continue to form an area of focus in discussions of the Board and the Nomination Committee, having regard to the Group's long-term development and leadership needs.
5. Strategic decision-making process • Enhance strategy discussion including the challenges faced by particular business segments and financial challenges during the prolonged economic downturn	• The Company has arranged seminars and briefings on macroeconomic trends and market developments to facilitate informed strategic discussions on the opportunities, challenges and implications arising from the prevailing business environment. • Board papers relating to material transactions have included assessments of key downside risks together with proposed mitigation measures to support the Board's evaluation of strategic opportunities and associated risks.

Board Evaluation for FY2026

The Board performance review for FY2026 was conducted internally under the oversight of the Nomination Committee through an anonymous and confidential questionnaire completed by directors. The questionnaire comprised 32 rating statements on a five-point scale, supplemented by open ended questions, which covered, among other matters, Board composition, skills and independence, Board culture and dynamics, Board and committee effectiveness, quality of information and support, strategy, risk management and internal controls, shareholder and stakeholder engagement, director training and overall Board effectiveness. The review focused on the collective effectiveness of the Board, including the effectiveness of the Board's committee structure and operations, and did not constitute an assessment or ranking of individual directors. The Nomination Committee reviewed the aggregated findings and recommendations arising from the review and reported the outcome to the Board for consideration and follow-up actions. The Board considered and acknowledged the findings of the review, endorsed the key recommendations and supported the implementation of the follow-up actions identified.

The evaluation indicated a high level of confidence in the effectiveness of the Board and its committees. Directors considered that the Board continued to operate effectively and identified key strengths in governance and ethical leadership, risk oversight, Board culture, meeting effectiveness, director development and the quality of company secretarial support.

While the overall assessment was positive, the review identified opportunities for continued enhancement in areas including long-term strategy, Board refreshment and succession planning, shareholder and stakeholder engagement, emerging technologies (including AI), cybersecurity, ESG matters and the presentation of strategic and risk information in Board papers.

Follow-up actions were developed in response to the findings and will form part of the Board's and relevant Board committees' work plans for FY2027. Progress against those actions will be monitored by the Board and the relevant Board committees and taken into account in the next Board performance review.

The Board considers that the Board evaluation process forms part of the Company's broader governance framework and supports continuous improvement in Board effectiveness, decision-making quality, succession planning, risk oversight and stakeholder engagement.

Summary of Findings

- The Board evaluation confirmed that the Company continues to maintain a robust and effective governance framework. Directors expressed a high degree of confidence in the Board's overall effectiveness, with all responses to the evaluation being positive and falling within the two highest rating categories. The findings reflect strong confidence in the Board's collective capabilities, governance practices, decision-making environment and oversight of the Group's affairs.

- Directors recognised the Board's diverse and complementary mix of skills, experience and perspectives, which supports effective strategic leadership and informed decision-making. The Board benefits from constructive dialogue, active participation and the willingness of directors to contribute diverse views and challenge management where appropriate.

- The evaluation highlighted particular strengths in the Board's ethical leadership, meeting effectiveness, governance support and director development. Directors unanimously agreed that the Board promotes a strong culture of integrity and compliance, Board meetings are conducted effectively and directors receive sufficient training to discharge their duties.

- Directors affirmed that the Board maintains effective oversight of risk management, internal controls, compliance and financial reporting, supported by timely information, regular management engagement and ongoing director training and development.

- The Board continues to foster an open, respectful and collaborative culture that facilitates meaningful discussions and balanced judgement. Directors noted that the Board benefits from strong market insight, industry expertise and constructive engagement among Board members and management.

- While the evaluation did not identify any material concerns, directors recognised opportunities for further enhancement in several areas. These included continuing to strengthen the Board's focus on long-term strategic direction and value creation, Board refreshment and succession planning, stakeholder engagement, oversight of emerging technology-related risks and ESG matters, as well as the further development of forward-looking risk assessment and decision-support processes.

- Directors also expressed the view that ongoing attention should be given to maintaining a future-ready Board through regular review of the Board skills matrix, succession planning and targeted director development, having regard to the Group's evolving business profile, strategic priorities and emerging areas such as digitalisation, AI, cybersecurity and sustainability.

- Building on actions taken in response to the Board evaluation for FY2025 and the findings from the FY2026 review, we will focus on the following key priorities to enhance Board effectiveness:

Area identified	Proposed follow-up measure
Long-term strategic stewardship	Devote appropriate Board agenda time to the Group's long-term strategic direction, portfolio priorities, risk-return considerations and potential synergies across the Group
Board skills and succession	Review the Board skills matrix against the Group's evolving strategy and identify whether any skills should be strengthened through training, succession planning or future appointments
Stakeholder engagement	Enhance the reporting to the Board of material feedback and emerging themes from shareholders and other key stakeholders
Technology and emerging risks	Arrange focused briefings on AI, cybersecurity, digital transformation and other material emerging risks, and review the allocation of oversight responsibilities
ESG and climate oversight	Review the Environmental, Social and Governance Committee's terms of reference and enhance reporting on financially material ESG, climate and supply-chain risks
Board information and decision-making	Encourage Board papers on material matters to identify key assumptions, alternatives, downside scenarios and principal risk considerations

- Progress against the above measures will be monitored as part of the Board's ongoing governance and performance review process.

Continuous Professional Development and Induction to Directors

Continuous Professional Development

- To facilitate fulfillment of directors' duties and obligations, training is provided for directors to keep abreast of relevant knowledge and skills on an ongoing basis. According to the training records maintained by the Company, the Company has arranged the following training for directors during FY2026 in a manner that best fit their own circumstances:

Board and directors' duties	• Webinars and circulation of guidance materials from regulatory authorities or organisations, covering directors' roles, duties and responsibilities, board effectiveness, training to directors • Sharing of enforcement cases, newsletters from regulatory authorities and video recordings on issues such as financial and internal control oversight, delegation of duties, handling of conflicts of interest, directors' duties on monitoring transactions and securities investment and subsidiary activities and inside information disclosure
Listing Rules and Hong Kong law compliance	• Regular circulation of updates on latest legal and regulatory developments, including uncertificated securities market regime, public float requirements, board lot framework and annual report preparation guidance • Webinars on key updates on treasury share regime
Corporate governance and sustainability	• Organisation of Evolve Conference — sharing by corporate and business leaders on sustainable growth through collaboration • Briefing by external ESG consultant on climate scenario analysis • Regular circulation of updates on latest legal and regulatory developments, including guidance on sustainability and climate-related disclosure standards, proposed regulatory framework for sustainability assurance, guide on corporate governance for boards and directors and review of issuers' annual and ESG reports
Risk management and internal controls	• Webinar on updates to the "Anti-Fraud and Counter-Corruption Policy" and "Whistleblowing Policy" hosted by Group Audit & Risk Assurance Department of the Company ("GARA") • Training videos and updates covering anti-corruption, cybersecurity and AI governance • Regular circulation of updates and enforcement cases on latest legal and regulatory developments regarding audit focus and privacy compliance
Industry and business updates	• Business briefing sessions on construction and financial services segments — two-way communication between directors and management and facilitated active participation of directors • Webinars on macroeconomic trends • Site visits to ATL Logistics Centre, GHK and The Chinese Medicine Hospital of Hong Kong to enhance directors' understanding of business and industry developments

- All directors have participated in continuous professional development relevant to his or her roles and responsibilities during FY2026. In accordance with the training records provided by the Company's directors, the directors collectively completed around 516 hours of training during the year, representing an average of approximately 36.9 training hours per director (not including time spent for reviewing information relevant to the Company or its businesses or attending corporate events of the Group) during FY2026. The Board considers that the training undertaken enabled the Directors to maintain and refresh their knowledge and skills and to contribute effectively to the Board. Details of training received by the directors during FY2026, categorised pursuant to Rule 3.09G of the Listing Rules, are set out below:

Name of director	Board and directors' duties	Listing Rules and Hong Kong law compliance	Corporate governance and sustainability	Risk management and internal controls	Industry and business updates	Total no. of hours
Executive directors:						
Dr Cheng Kar Shun, Henry	0.2 0.9 1.9	0.3 1.9 3.2	0.2 0.9 2.1	0.6 1.2 1.8	1.0 1.6	17.8
Mr Cheng Chi Ming, Brian	0.2 1.9 1.9	0.3 2.4 3.2	0.3 2.9 2.1	0.7 2.2 1.8	3.3 3.1	26.3
Mr Ho Gilbert Chi Hang	0.2 0.9 3.15	0.3 5.9 13.7	2.3 0.9 3.1	1.2 2.2 3.05	3.3 12.1	52.3
Mr Lam Jim	0.2 0.9 1.9	0.3 1.9 3.2	1.8 0.9 2.1	1.2 1.2 1.8	1.8 53.6	72.8
Mr Cheng Chi Leong, Christopher	0.2 0.9 1.9	0.3 1.9 3.2	0.3 0.9 2.1	0.7 1.2 1.8	1.8 1.6	18.8
Non-executive directors:						
Mr William Junior Guilherme Doo	0.2 10.4 3.4	0.3 2.9 3.2	0.3 5.4 4.6	0.7 1.2 13.8	1.8 15.1 7.5	70.8
Mr Lam Wai Hon, Patrick *(alternate director to Mr William Junior Guilherme Doo)*	5.5 1.9	2.5 3.2	28.0 2.1	1.0 1.8	35.5	81.5
Mr Tsang On Yip, Patrick	0.2 0.9 1.9	0.3 1.9 3.2	0.3 0.9 2.1	0.7 1.2 1.8	3.3 1.6	20.3
Independent non-executive directors:						
Mr Shek Lai Him, Abraham	0.2 0.9 1.9	0.3 1.9 3.2	0.3 0.9 2.1	0.7 1.2 1.8	4.8 1.6	21.8
Mr Lee Yiu Kwong, Alan	0.2 1.7 1.9	0.3 2.6 3.2	1.8 1.5 2.1	1.2 1.5 1.8	6.8 2.2	28.8
Mrs Oei Wai Chi Grace Fung	0.2 2.7 1.9	0.3 3.1 3.2	1.8 3.5 2.1	1.2 2.5 1.8	4.8 3.7	32.8
Mr Wong Kwai Huen, Albert	0.2 0.9 1.9	0.3 1.9 3.2	1.8 0.9 2.1	1.2 1.2 1.8	6.8 1.6	25.8
Professor Chan Ka Keung, Ceajer	0.2 0.9 1.9	0.3 1.9 3.2	0.3 0.9 2.1	0.7 1.2 1.8	3.3 1.6	20.3
Ms Ng Yuen Ting, Yolanda	0.2 0.9 1.9	0.3 1.9 3.2	1.8 0.9 2.1	1.2 1.2 1.8	6.8 1.6	25.8

Notes:

1. "Internal training" mainly includes training, events or workshops conducted by the Group's management or business units, which is primarily company-specific or industry-focused in nature, and site visits.
2. "External training" mainly includes training, seminars, conferences and webinars conducted by external parties (such as regulatory bodies, professional firms, industry associations or external advisers), including programmes organised or sponsored by the Company.
3. "Self-study" mainly includes self-directed learning undertaken by directors through external learning resources, including guidance materials, newsletters, consultation papers, regulators' reports and press releases curated and circulated by the Company for directors' self-study, where the content providers are mainly external parties (such as regulatory bodies, professional firms, industry associations or external advisers).

Please refer to the table on page 65 for the description of the training received by the directors.

Director Induction

- Newly appointed directors are provided with orientation immediately upon his/her appointment that includes an overview of the Company's business strategy and operations, financial condition, legal and regulatory framework and other relevant topics.

- They are also provided with a director's manual containing a package of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under regulatory requirements and the Listing Rules.

- Newly appointed directors will need to complete the designated hours of professional training in accordance with Rule 3.09H of the Listing Rules.

- There is no first-time director appointed during FY2026.

Company Secretary

- As an employee of the Group, the Company Secretary reports to the Co-Chief Executive Officers and the Board. He is responsible for providing advice on compliance and corporate governance matters and ensuring the effective conduct of meetings and proper procedures are followed.

- The Company Secretary has undertaken not less than 15 hours of professional training during FY2026 for updating his skills and knowledge.

ACCOUNTABILITY

Board Committees

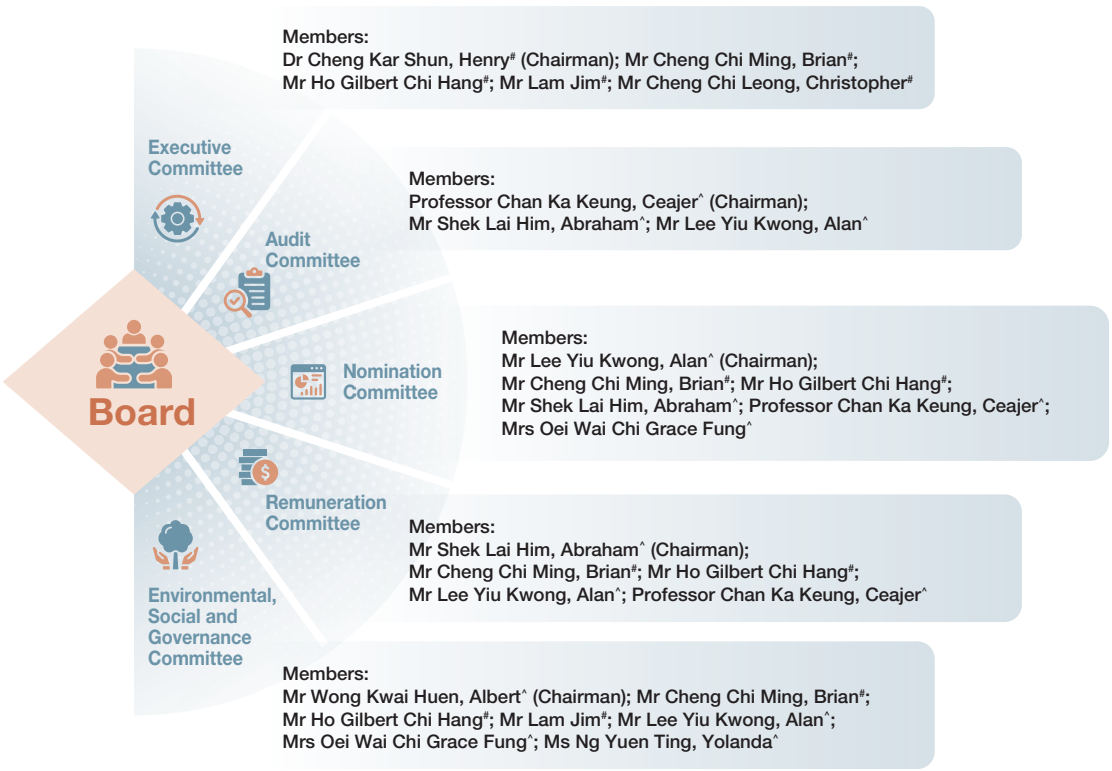
- The Board delegates its powers and authorities from time to time to committees in order to ensure operational efficiency and specific issues are handled with relevant expertise.

- Each of the five Board committees, namely, the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee has its specific duties and authorities as set out in its own terms of reference, which are subject to review from time to time.

- Written terms of reference of each of the Audit Committee, the Nomination Committee and the Remuneration Committee are available on the website of each of the Hong Kong Stock Exchange and the Company pursuant to the requirements under the Listing Rules. Written terms of reference of the Environmental, Social and Governance Committee are available on the website of the Company.

- Regular Board committee meetings were held during the year and the number of meetings and attendance of individual committee members are set out on page 53 of this annual report.

- All Board committees are provided with sufficient resources to discharge their duties and are entitled to obtain independent legal or other professional advice at the Company's expense.



Executive director
^ Independent non-executive director

Note: Committee composition as at the date of this report

Executive Committee

Meeting schedule

- meets from time to time as and when required

Major roles and functions

- to review the Group's performance, direct its daily operations and manage its assets and liabilities within the authority granted by the Board
- to consider and approve transaction(s) of the Group which fall within the scope of general authorisation by the Board
- to make recommendations to the Board in respect of the overall strategy for the Group from time to time

Audit Committee

Meeting schedule

- two meetings were held during FY2026
- a private meeting with the Company's external auditor was held during FY2026 in the absence of the Company's management

Major roles and functions

- to monitor the financial reporting process of the Company and to ensure its financial statements comply with relevant accounting standards
- to review the Company's financial control, risk management and internal control systems, internal audit function and arrangements under the Company's "Whistleblowing Policy"
- to govern the engagement of external auditor and its performance and independence

Work performed during FY2026

The Audit Committee focused its efforts during FY2026 on the integrity of the Group's financial reporting, effectiveness of risk management and internal control systems, oversight of the internal audit function, monitoring of continuing connected transactions and maintaining the independence of the external auditor and effectiveness of audit work, which included:

- reviewing the audited consolidated financial statements of the Group for FY2025 and the interim results of the Group for the six months ended 31 December 2025, with particular focus on significant accounting judgements, major estimates, non-HKFRS performance measures, disclosures and the quality of financial reporting
- reviewing reports on the continuing connected transactions of the Company for FY2025 and during the six months ended 31 December 2025 and considering reports on compliance with Chapter 14A of the Listing Rules, annual caps and the relevant internal monitoring procedures
- reviewing the effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance, cybersecurity and ESG-related controls, and considering management's confirmation and reports from GARA and the external auditor
- reviewing and approving the revised "Non-Assurance Services Concurrence Policy" of the Company
- making recommendations to the Board on the revision to "Governance Policy on Risk Management & Internal Control Systems", "Whistleblowing Policy", "Anti-Fraud and Counter-Corruption Policy" and "Enterprise Risk Management Procedure" of the Company to incorporate relevant corporate governance enhancements specified in the updated "Corporate Governance Guide for Boards and Directors" issued by the Hong Kong Stock Exchange

- reviewing the internal audit plan of the Group for FY2027 and the internal audit reports for FY2026 prepared by Group Audit ("GA") team
- reviewing the effectiveness, independence, resources, staff qualifications and performance of internal audit functions
- reviewing the audit plans from external auditor and its remuneration
- discussing with the external auditor the audit strategy, significant audit findings, key audit matters, significant accounting judgements and estimates, and the effectiveness of the audit process
- making recommendation to the Board on the re-appointment of the external auditor
- reviewing the resources of GARA and the Group's finance team

Nomination Committee

Meeting schedule

- one meeting was held during FY2026

Major roles and functions

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board, including from the aspect of diversity and to assist the Board in maintaining a Board skills matrix
- to identify qualified individuals and to make recommendations to the Board on the appointment or re-appointment of directors
- to review directors' time commitment and contribution to the Board
- to support the Company's regular evaluation of the Board's performance

Work performed during FY2026

The Nomination Committee focused its work during FY2026 on enhancing Board effectiveness and supporting the Board's long-term succession and refreshment planning and the works performed include:

- reviewing the structure, size and composition of the Board
- reviewing the implementation and effectiveness of the "Board Nomination and Diversity Policy" and monitoring progress against the Board's diversity objectives, and reviewing the Board skills matrix, having regard to the Group's strategy, business profile and future skills requirements
- reviewing the results of the Board evaluation exercise and recommending follow-up actions to the Board
- assessing the independence of the independent non-executive directors having regard to the independence criteria set out in the Listing Rules and their ability to provide objective and independent judgement
- identifying and evaluating director candidates based on skills, expertise, experience, race, gender and characteristics guided by the overall needs of the Company with Board refreshment and succession planning in mind
- making recommendations to the Board in relation to the re-appointment of the retiring directors
- conducting assessment of each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account Board and committee attendance, participation in discussions, continuing professional development, understanding of the Group's business and strategy and other significant commitments

Remuneration Committee

Meeting schedule

- one meeting was held during FY2026

Major roles and functions

- to review and make recommendations to the Board on the Company's policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration
- to make recommendations to the Board on the remuneration packages, including benefits in kind, pension rights and compensation payments, of individual directors
- to determine the remuneration packages of senior management
- to review and/or approve matters relating to share schemes

Work performed during FY2026

The Remuneration Committee focused its work during FY2026 on maintaining a remuneration framework that supports the Group's long-term strategy and sustainable growth. The committee reviewed remuneration policies and practices, assessed performance-linked remuneration arrangements and considered matters relating to directors' and senior management remuneration and talent retention.

- reviewing the remuneration policy, structure and packages for directors and senior management
- making recommendations to the Board regarding the directors' fee and other allowances for FY2026, and upon assessing their respective performance, the remuneration packages of individual executive directors; with delegated responsibility, determining the remuneration packages of senior management
- approving or making recommendation to the Board regarding the amendments to the 2021 Share Option Scheme
- approving or making recommendation to the Board on the grant of share options of the Company to directors and senior management in January 2026, for which the Remuneration Committee has, amongst others, considered the following matters:

    (i) as approved by the Remuneration Committee, the vesting periods of the share options last no less than 12 months from the date of grant and the share options shall be vested and become exercisable in three tranches

    (ii) in determining the grant of the share options, the Remuneration Committee took into account factors such as the grantees' historical contributions in business development and operations of the Group over the recent years, especially under the challenging operational environment. In view of this and having considered the following reasons:

        (a) the grant of the share options to the directors and senior management is a recognition of their pivotal roles and responsibilities in steering the management and strategic development of the Company;

        (b) the grant of the share options will provide the grantees with a valuable opportunity to acquire a personal stake in the Company, thereby reinforcing their commitment to the overall business performance, sustainable development, value enhancement and good corporate governance of the Group;

(c) the value of the share options is dependent to a great extent on the future performance of the Group;

(d) the vesting of the share options in three tranches serves to motivate the grantees to promote the future growth and development of the Group;

(e) the share options are subject to the terms of the share option scheme of the Company which already cover situations where the share options will lapse in the event that the grantees cease to be employees of the Group; and

(f) as a recommended best practice under the CG Code, issuers generally should not grant equity-based remuneration with performance-related elements to independent non-executive directors,

the Remuneration Committee was of the view that, having regard to the diverse nature of the Group's business and the clawback provisions available under the current Share Option Scheme, a performance target was not necessary and this aligned with the purpose of the share option scheme in providing a flexible means of giving incentive to and rewarding participants of the share option scheme.

Environmental, Social and Governance Committee

Meeting schedule

- two meetings were held during FY2026

Major roles and functions

The Environmental, Social and Governance Committee also performs the corporate governance functions delegated by the Board pursuant to Code Provision A.2.1 of the CG Code and assists the Board in monitoring the Company's corporate governance policies and practices.

- to develop, review, formulate and endorse ESG standards, priorities, targets and goals of the Group, to advise the Board on the Group's ESG approaches and practices, to review and evaluate the adequacy and effectiveness of Group-level frameworks of ESG and to develop, review and monitor the Company's ESG policies, procedures and code of conduct
- to review ESG-related training, education, and awareness programmes for employees, management and the Board
- to review ESG-related risks and opportunities
- to review and advise the Board on public reporting of the Company as regards its performance on ESG matters
- to oversee strategic plans for philanthropic initiatives, defining priority focus areas, target outcomes and methods for evaluating the impact of charitable contributions
- to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board
- to review and monitor the training and continuous professional development of directors and senior management of the Company
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements

Work performed during FY2026

The Environmental, Social and Governance Committee focused during FY2026 on overseeing the Group's sustainability strategy, climate-related initiatives, ESG governance framework, stakeholder engagement, workforce-related matters and regulatory developments, and making recommendations to the Board on ESG-related policies, targets and disclosures and the works performed include:

- reviewing and making recommendations to the Board on the revision to the terms of reference of the Environmental, Social and Governance Committee to align with recognised good practices and clearly set out the oversight role of the committee in relation to ESG-related risks and opportunities
- reviewing the progress of the Group's overall ESG development, including key initiatives such as climate strategy, target setting for reduction in greenhouse gas emission, decarbonization initiatives, Imp[ACT] Fund and capacity building events, sustainable finance, ESG reporting and resources of Group ESG team
- reviewing the ESG materiality assessment process and material issues, ESG performance and progress against targets, including climate-related targets; ESG-related training and awareness for employees, management and the Board; and the Group's preparedness for applicable local and international ESG reporting requirements, guidelines and standards
- reviewing ESG-related risks and opportunities, including climate-related, workforce, health and safety, human capital, reputational and regulatory matters, and their integration into the Group's risk management and internal control systems
- reviewing the funding status of CTF Services Charity Foundation and performance and developments on volunteering, charity and partnership with communities
- reviewing and making recommendation to the Board on the revision of the "Workforce Diversity Policy" and monitoring its implementation and effectiveness
- reviewing the performance and developments on staff engagement and wellness, learning and development and other human resources matters
- reviewing the investor relations strategy and activities, ESG-related risk profile, key developments of the uncertificated securities market regime and the status of compliance with revised CG Code
- reviewing the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board and assessing whether such mechanisms remain effective in facilitating independent judgement and challenge
- reviewing and monitoring the directors' training
- reviewing the implementation and effectiveness of the "Shareholders' Communication Policy" and the Company's shareholder engagement practices
- approving or making recommendations to the Board on the revision to ESG-related policies and guidelines
- reviewing the ESG report and recommending its approval by the Board
- reviewing the corporate governance report and recommending its approval by the Board

The Disclosure Committee, a sub-committee, was set up in 2013 under the supervision of the Executive Committee to provide guidance on the dissemination of inside information within the Group and proper compliance procedures.

Risk Management and Internal Control

During FY2026, the Board, through the Audit Committee and GARA, focused on maintaining an effective risk management and internal control framework that supports the achievement of the Group's strategic objectives, safeguards assets, promotes compliance and enhances the quality of financial and non-financial reporting.

- Risk management and internal control are essential parts of corporate governance. With reference to the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), ISO 31000 Risk Management Standard from International Organization for Standardization ("ISO"), and the "Internal Control and Risk Management — A Basic Framework" issued by HKICPA, the main features of our risk management and internal control systems are illustrated below:



Risk Management

- The Board is responsible for overseeing the risk management and internal control systems (including ESG and climate-related risks) while the Group Risk Management ("GRM") team assists by establishing and maintaining an appropriate and effective Enterprise Risk Management ("ERM") framework to facilitate business units and corporate office departments in the risk management process. The Three Lines Model, details of the ERM framework and risk management processes are described in the Risk Management Report of this annual report.

- Both the "Governance Policy on Risk Management & Internal Control Systems" and the "ERM Procedure" have been reviewed and revised in February 2026.

Internal Audit

Internal Audit Framework

- The Internal Audit Policy and the Internal Audit Charter ("audit charter") outline the internal audit framework, roles and responsibilities of the internal audit function, and are aligned with the latest Global Internal Audit Standards issued by the Institute of Internal Auditors.

- The internal audit function is carried out by GA team, which serves as the third line that is independent of management, and directly reports to the Audit Committee. The primary role of GA team is to provide independent assurance on the effectiveness of our risk management and internal control systems. In addition, GA team provides value-added consulting services to assist management in accomplishing the Group's missions and objectives as well as fulfilling its obligations and creating shared values to stakeholders. GA team also facilitates continuous improvement through the application and sharing of expertise and insights across the Group.

- The audit charter granted GA team unrestricted access to all records, information, assets, personnel and physical properties of the Group in carrying out its duties.

Assurance and Consulting Services

- GA team provides independent and objective assurance on the adequacy and effectiveness of the Group's corporate governance, risk management and internal control systems which include ESG risks, for business units and corporate office departments, which the Group is involved in day-to-day management.

- GA team adopts a risk-based approach, concerning areas with significant risks or areas with major changes. In formulating the 5-year rolling audit plan, the frequency and scope are determined by taking into account of the risk factors, amongst others, the materiality and dynamic of business operations and environment, as well as regular risk profile updates from GRM team. Each business segment and major businesses are audited at least once every year and other business units and corporate office departments are audited once in about every three years.

- Audit or review reports, which include the audit observations identified and recommendations, are issued to management for their remedial actions. GA team would follow up with the implementation of the agreed actions, with tracking and review. Key audit findings and the remediation status are periodically reported to senior management and the Audit Committee.

- Follow-up reviews are performed for each of the prior audits performed in the previous half year, based on the rating of the audit reports. Furthermore, GA team has expanded its consultancy portfolio by offering after-audit services, which the team would provide consultation and also share the best practices to auditees for remediating specific areas of higher risk or with significant deficiencies.

- In view of the increasing concern and demand on ESG aspects, the compliance of the ESG-related policies and guidelines at the corporate level has been embedded as part of the internal audit scope for various business cycles. Regular dialogue between GA team and the Group ESG Department is maintained pertaining to ESG-related issues, so that their status, including compliance of associated policies and guidelines, is being updated from time to time and reported to the senior management accordingly.

- High-level reviews are conducted by GA team on the internal audit results from the business units with in-house internal audit teams or external consultants.

- When applicable, GA team performs co-sourced audits with the business unit's in-house internal audit teams or external consultants, and also ad-hoc projects when requested by senior management and/or the Audit Committee. Ad-hoc projects include, but not limited to fraud investigation, procedural review, compliance review and special project review.

- The execution of the FY2026 audit plan was completed and the FY2027 annual audit plan has been approved by the Audit Committee. In addition to the annual audit plan, three ad-hoc management-requested audits were completed during the year.

Policies, Guidelines and Practices

Governance Policy on Risk Management & Internal Control Systems

- The "Governance Policy on Risk Management & Internal Control Systems" (previously known as the "Guideline on Risk Management & Internal Control Systems") outlines the regulatory requirements on corporate governance and describes the Group's risk management and internal control systems. It provides guidance to business units and corporate office departments of the Group in implementing risk management and internal control measures.

- To strengthen the review of the risk management and internal control systems, the Material Control Repository was implemented in June 2026 across the Group to identify and track material internal controls.

Whistleblowing Policy

- The "Whistleblowing Policy" sets out the general principles for the reporting and handling of whistleblowing cases. The policy is established for anyone (employees or third parties) to directly report, in confidence and anonymity, to GA team for any serious concerns about suspected or actual fraud, corruption, breach, malpractice, misconduct or irregularity of the Group and/or its staff members. The reported cases will be investigated in a confidential and timely manner and GA team will report the results of investigations to the Audit Committee and the Executive Committee.

- In FY2026, two whistleblowing cases were reported to GA team and all the investigations were completed and considered to be resolved or unsubstantiated.

Anti-Fraud and Counter-Corruption Policy

- The Company promotes and supports anti-corruption laws and regulations by implementing "Anti-Fraud and Counter-Corruption Policy" and corporate governance. Operating in conjunction with other relevant corporate policies of the Company including "Whistleblowing Policy", "Governance Policy on Risk Management & Internal Control Systems" and "Code of Conduct Policy", this policy also serves as an integral part of the Company's corporate governance framework. It outlines the Anti-Fraud and Counter-Corruption Control Framework as well as the Company's culture, expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected or actual fraud, corruption and other irregularities.

- The "Anti-Fraud and Counter-Corruption Policy" and "Whistleblowing Policy" have been reviewed and revised in February 2026 to align with the latest guidance set out in the Corporate Governance Guide for Boards and Directors issued by the Hong Kong Stock Exchange. A webinar training was conducted to brief directors and employees of the corporate office departments and targeted business units on policy updates and internal control insights.

- Trilingual briefing videos of the two policies in the Company's e-learning portal were also revised. New joiners at CTFS Corporate Office were required to further complete the training videos.

Environmental, Social and Governance Policy

- Guided by the Ten principles of the United Nations Global Compact, CTFS is committed to creating long-term value through responsible business practices that minimize environmental impact, support communities, and uphold the high standards of governance and ethics. Our ESG approach is anchored in five core values, "Act with integrity", "Advance with Agility", "Evolve Sustainably", "Grow as One", and "Create Shared Value", which guide the integration of sustainability across our strategy, operations, and stakeholder engagement. Through our *Breakthrough 2050* framework, we translate these commitments into action by setting targets, driving programmes, and monitoring progress against sustainability priorities to deliver meaningful and lasting impacts.

Code of Conduct Policy/Code of Ethics/Human Rights Policy

- Upholding high standards of ethics and integrity by all staff is critical to the success of our business. The Company has the "Code of Conduct Policy" and "Code of Ethics" under Employee Handbook as well as the "Human Rights Policy" which provide guidelines and instructions on best management and personal integrity.

- These policies ensure the Group's businesses are conducted in accordance with applicable laws and regulations, including those on health and safety at working environment, equal opportunities, social responsibilities, safeguard of company information and assets, avoidance of conflict of interest, and work against corruption in all forms, including extortion, fraud, and bribery.

- It is the duty of every staff member to comply with the policies. These policies are subject to periodic review and approval in accordance with the Group's governance framework, either by the Executive Committee or by the Board upon recommendation from the relevant Board committee, as appropriate. Reporting mechanisms and communication channels between the staff and management are in place to ensure compliance of these policies across the Group.

Disclosure Policy for Inside Information

- The Company has adopted this policy and established the Disclosure Committee, under the authority delegated by the Executive Committee, to promote consistent disclosure practices. Various internal control measures such as management review, use of project codes and assignment of project coordinators are instituted in the reporting procedures. Furthermore, GA team conducts review on the compliance of the policy and reports the results to the Audit Committee.

Group Business Continuity Management Policy

- The "Group Business Continuity Management Policy", first established in October 2024, provides a formalized and structured framework for the Company and its subsidiaries to build and maintain their tailored Business Continuity Management ("BCM") systems while aligning with the Group's BCM strategy.

- The Business Continuity Management Committee ("BCMC") drives the strategic development and implementation of the BCM system at both Group and business unit levels, ensuring consistent implementation of business continuity principles and operational resilience across the Group.

Review on the Effectiveness of Risk Management and Internal Control Systems

- The Board acknowledged its overall responsibility for the risk management and internal control systems of the Group.

- With assistance from the Audit Committee and the Environmental, Social and Governance Committee, the Board has conducted semi-annual review in FY2026 and evaluated the effectiveness of the Group's risk management and internal control systems through communications with management, GARA and external auditors as well as review of their reporting.

- Management also confirmed the effectiveness of the risk management and internal control systems to the Board through the "Integrated Internal Control Self-Assessment Certificate" and such systems were considered to remain effective and adequate during the year. There was no significant issue identified that might have material impact on the Group for FY2026.

- As part of its review of the effectiveness of the Group's risk management and internal control systems during FY2026, the Board, with the assistance of the Audit Committee and the Environmental, Social and Governance Committee, reviewed the scope and quality of management's ongoing monitoring of risks and internal control systems; the work and findings of the internal audit function; any significant control weaknesses identified during the year (where applicable) and the remedial actions taken; and the effectiveness of the Group's processes relating to financial reporting and Listing Rules compliance. The review covered all material controls, including financial, operational, compliance, ESG and climate-related controls. The Board also reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, risk management, financial reporting and ESG performance and reporting functions.

- The Board confirmed that the effectiveness of the risk management and internal control systems (including ESG risks and climate-related risks) of the Group were adequate and effective for the year ended 30 June 2026. Details of information supporting the Board's conclusion are described in the Risk Management Report of this annual report. Having considered the information provided by management and the relevant functions, the Board was satisfied that the resources, staff qualifications, experience, training and budget of the relevant functions were adequate and appropriate to support the Group's operations, financial reporting, compliance and ESG reporting requirements during FY2026.

Directors' Responsibilities for Financial Reporting and Disclosures

- The Company's directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group. The directors consider that in preparing financial statements, the Group ensures statutory requirements are met, applies appropriate accounting policies that are consistently adopted and makes judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

- The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. They consider that the Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of material uncertainties in relation to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Group's financial statements have accordingly been prepared on a going concern basis.

- The directors are responsible for ensuring that proper accounting records are kept so that the Group can prepare financial statements in accordance with statutory requirements and the Group's accounting policies. The Board is aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorizes their publication as and when required.

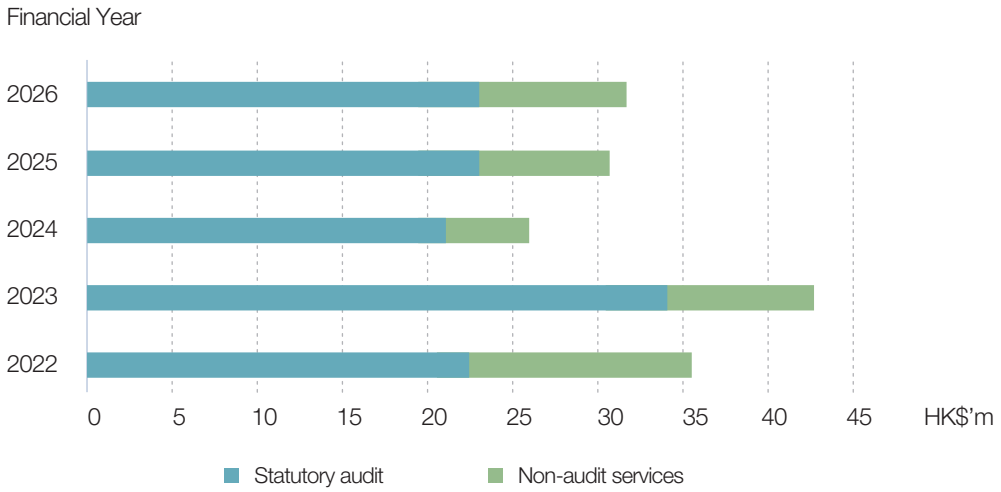
External Auditor

- The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorization by the shareholders of the Company in general meetings.

- PricewaterhouseCoopers, who was first appointed in 2000 and is also the Group's principal auditor, is the existing auditor of the Company. The reporting responsibilities of PricewaterhouseCoopers are stated in the Independent Auditor's Report on pages 162 to 167 of this annual report.

- Total auditors' remuneration for FY2026 in relation to statutory audit work of the Group amounted to HK$22.9 million (2025: HK$22.9 million), of which a sum of HK$20.8 million (2025: HK$20.9 million) was paid/payable to PricewaterhouseCoopers. A sum of HK$8.7 million (2025: HK$7.8 million) was paid/payable to PricewaterhouseCoopers for its non-audit services provided to the Group for FY2026. The remuneration paid/payable to PricewaterhouseCoopers and its affiliated firms for services rendered is illustrated as follows:

Auditor's Remuneration



Note: Non-audit services for the year comprise primarily review of interim financial information, tax advisory, other consulting and capital market transactions related services.

- The Audit Committee assessed the effectiveness and quality of the audit process, having regard to the auditor's experience, expertise, resources, audit approach and communications with the Audit Committee and management and also assessed the independence of the auditors. The Audit Committee also discussed with the external auditor the audit strategy, significant audit findings, key audit matters and significant accounting judgements and estimates arising from the audit. A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the 2026 AGM.

- The Audit Committee reviewed the nature and extent of non-audit services provided by the external auditor and was satisfied that the provision of such services did not impair the auditor's independence or objectivity.

Review of Audited Results

- The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2026.

ENGAGEMENT

Communication with Shareholders

Shareholders' Communication Policy

- The Board recognizes the importance of communication with the Company's shareholders. A "Shareholders' Communication Policy", which is published on the Company's website, was adopted by the Board for ensuring effective and transparent communication between the Company and its shareholders.

- According to the "Shareholders' Communication Policy":

    - corporate communications which contain regulatory disclosures and notices of the Company, are published in accordance with the legal and regulatory requirement applicable to the Company. Corporate communications and other general information concerning the Company and its businesses are posted on the corporate website (www.ctfs.com.hk) and/or distributed to the media as soon as practicable.

    - shareholders are encouraged to participate in general meetings or to appoint proxies to attend and, on poll, vote at meetings for and on their behalf if they are unable to attend. The chairman of general meetings will allow reasonable time for shareholders to raise questions and comments during the meeting.

    - the Company's investor relations team, comprising executive directors and members of senior management, regularly arranges or participates in one-on-one meetings, roadshows, conferences, forums, site visits and briefing sessions to maintain an open dialogue with financial analysts and institutional investors in Hong Kong and overseas.

    - for the purpose of enhancing effective communications, all shareholders are encouraged to send their enquiries and views on various matters affecting the Company by email to the Group Investor Relations Department of the Company at ir@ctfs.com.hk.

    - The Board, including the independent non-executive directors, is accessible to shareholders through general meetings and the Company's established shareholder communication channels. Shareholders may direct questions or comments for the attention of the Board, any Board committee or the independent non-executive directors through the Company Secretary or the Group Investor Relations Department. Material shareholder views and concerns received through these channels are reported to the relevant directors, Board committee or the Board, as appropriate.

- The Board reviewed the implementation and effectiveness of the "Shareholders' Communication Policy" during FY2026, taking into account shareholder feedback, investor relations activities, engagement through general meetings and communication channels maintained by the Company, and considered the policy to be effective and adequate. Relevant measures include:

    - Annual and interim reports, announcements and circulars are published on a timely basis in accordance with the Listing Rules.

    - The annual general meeting of the Company held on 18 November 2025 (the "2025 AGM") and a special general meeting of the Company held on 22 June 2026 to approve certain continuing connected transactions (the "SGM") were conducted in hybrid format to encourage shareholder participation. Electronic voting at the general meeting facilitated vote counting.

    - On-going engagement is maintained with institutional investors, analysts and investment managers through various communications with them. Conferences, webinars, roadshows and briefing sessions were held during the year. Please refer to the section "Investor Relations" for further details.

    - Press releases and presentation materials posted on the Company's website facilitate shareholders and other stakeholders' understanding and appraisal of the Group's latest developments in different areas, including acquisition, disposal and financing activities and our sustainable development initiatives.

    - Shareholders' enquiries, either received by telephone or by email, are properly attended and are addressed to the appropriate committees or the Board, if necessary.

    - Shareholders with 10% voting rights or above can convene general meetings, details of which are explained in the section "Shareholders' Rights" below.

- Having considered the feedback received through investor meetings, analyst engagement, shareholders' enquiries and general meetings, the Board did not identify any material concerns regarding shareholder communication during FY2026.

Company's Website and Annual Report

- To ensure all shareholders have equal and timely access to important company information, the Company makes extensive use of the Company's website to deliver up-to-date information. Latest information regarding the activities and publications of the Group, including financial reports, policies on corporate governance and ESG matters, media resources as well as presentations and webcasts delivered by management are readily accessible on the Company's website at www.ctfs.com.hk.

- The Company's annual report is printed in both English and Chinese and is available on the Company's website. Shareholders may at any time change their choice of means of receiving the Company's corporate communications free of charge by notice in writing to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited.

Shareholders' Rights

- The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Company's bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

- The procedures for shareholders to put forward proposals at general meetings are stated as follows:

    1. The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.

    2. The written requisition must be deposited at the Company's registered office in Bermuda as well as the principal place of business in Hong Kong at 21/F., NCB Innovation Centre, 888 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong for the attention of the Company Secretary.

    3. The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders. Such general meeting shall be held within two months after deposit of such requisition.

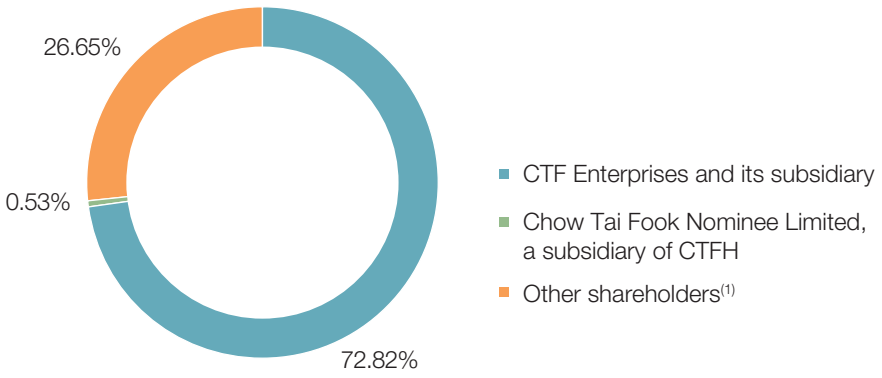
    4. If within 21 days of such deposit, the Board fails to proceed to convene such general meeting, the shareholders concerned, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

- Details of the abovementioned procedures are also available on the website of the Company. Any vote of shareholders at a general meeting must be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under the Listing Rules.

- Chairman of each of the board committees, or failing the Chairman, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders' queries. External auditor is also invited to attend the Company's annual general meetings and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit, the preparation and content of its auditor's report, the accounting policies and auditor independence.

Key Shareholder Information

Shareholding Structure as at 30 June 2026



Note:

(1) Including individuals, institutions, corporates and nominees.

- Details about the Company's shareholding ownership are set out in the "Sufficiency of Public Float" section disclosed in the Report of the Directors of this annual report.

Stock Code

- 00659 (Listed on the Main Board of the Hong Kong Stock Exchange)

Board Lot

- 1,000 shares

Shareholder Services

- Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates or dividend cheques, registrations and requests for printed copies of annual/interim report should be addressed to the Company's branch share registrar as follows:

  Tricor Investor Services Limited
  17/F, Far East Finance Centre
  16 Harcourt Road
  Hong Kong
  Tel: 2980 1333
  Fax: 2810 8185

Dividend Policy

- The Board has adopted a new dividend policy of the Company in 2019 which was revised and further updated in February 2026.

- The Company is committed to delivering a sustainable and progressive dividend policy. The aim of its dividend policy is to steadily increase or at least maintain the Hong Kong dollar value of total ordinary dividend annually. The prospective dividend growth, however, remains dependent upon the financial performance and future funding needs of the Company.

- All dividend decisions made by the Board were made in accordance with the Company's dividend policy.

- Subject to the financial performance of the Company, we expect to pay two dividends each financial year.

Financial Calendar

Announcement of FY2026 annual results	24 September 2026

For determining eligibility to attend and vote at the 2026 AGM:

• Latest time to lodge transfer documents for registration	4:30 p.m. on 11 November 2026
• Closure of register of members	12 to 17 November 2026 (both days inclusive)
• Record date	17 November 2026
• 2026 AGM date	17 November 2026

For determining entitlement to the proposed final ordinary dividend and the Bonus Issue:

• Latest time to lodge transfer documents for registration	4:30 p.m. on 20 November 2026
• Closure of register of members	23 November 2026
• Record date	23 November 2026
• Despatch of share certificates of the bonus shares	on or about 15 December 2026
• Final ordinary dividend payment date	on or about 15 December 2026

General Meetings

Hybrid general meetings

General meetings of the Company provide an opportunity for communication between the Board and the shareholders of the Company. The 2025 AGM and the SGM were held in a hybrid (physical and virtual via live webcast) format. Shareholders were able to participate in the general meetings online in a convenient and efficient way from anywhere with an internet connection, in addition to the traditional physical attendance. All shareholders may submit questions and vote at the meeting both physically and online. To improve the voting process, apart from the physical submission of the proxy form, shareholders have the option of submitting their proxy appointment electronically.

Through the deployment of general meeting facilitating technology, this meeting format enhances and facilitates attendance by providing convenient access for all of our shareholders, which in turn encourages shareholder participation, protects shareholders' right to attend general meetings and promotes transparency.

2025 AGM	
Matters resolved	(i) Receipt and consideration of the audited financial statements and Reports of the Directors and Independent Auditor for FY2025. (ii) Declaration of final dividend of HK$0.35 per share, with an option for scrip dividend, for FY2025. (iii) Re-election of Mr Cheng Chi Ming, Brian, Mr Ho Gilbert Chi Hang, Mr Shek Lai Him, Abraham, Mr Wong Kwai Huen, Albert, Ms Ng Yuen Ting, Yolanda as directors and authorization of the Board to fix directors' remuneration. (iv) Re-appointment of PricewaterhouseCoopers as the Company's auditor and authorization of the Board to fix the auditor's remuneration. (v) Granting a general mandate to directors to issue, allot and deal with additional shares of the Company and to sell and transfer any treasury shares of the Company not exceeding 20% of the then total number of issued shares of the Company. (vi) Extending the general mandate granted to directors pursuant to the resolution in (v) above by the aggregate number of shares of the Company repurchased by the Company. (vii) Approving the bonus issue of Shares on the basis of one bonus share for every ten existing Shares. (viii) Approving the amendments to the 2021 Share Option Scheme and adoption of the revised 2021 Share Option Scheme. (ix) Refreshing the 10% limit under the 2021 Share Option Scheme provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the 2021 Share Option Scheme and any other share schemes of the Company under the limit as amended and refreshed shall not exceed 10% of the then issued share capital of the Company (excluding treasury shares). (x) Approving the revised annual cap for the financial year ended 30 June 2026 in respect of the provision of certain operational services by the Company and its subsidiaries to members of the NWD Group (as defined in the NWD Master Services Agreement) under the NWD Master Services Agreement.

SGM	
Matters resolved	(i) Approval, ratification and/or confirmation of the new master services agreement entered into between NWD and the Company on 24 April 2026, the transactions contemplated thereunder and the proposed annual caps in respect of such transactions for each of the three financial years ending 30 June 2029, and to authorize the directors acting together or by committee, or any director acting individually, to execute all agreements and documents and to take all steps for and on behalf of the Company for, or in connection with, implementing and/or giving effect to the above matter. (ii) Approval, ratification and/or confirmation of the new master services agreement entered into between Mr Doo Wai Hoi, William and the Company on 24 April 2026, the transactions contemplated thereunder and the proposed annual caps in respect of such transactions for each of the three financial years ending 30 June 2029, and to authorize the directors acting together or by committee or any director acting individually, to execute all agreements and documents and to take all steps for and on behalf of the Company for, or in connection with, implementing and/or giving effect to the above matter.
Notice, proceedings, attendance and results	• At least 21 clear days' notice and 14 clear days' notice were given for the 2025 AGM and the SGM respectively in accordance with the bye-laws of the Company. • Voting on each resolution was conducted by way of poll. • Poll voting procedure was explained fully to shareholders. • A separate resolution was proposed by the chairman of the meeting in respect of each separate issue. • Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, was appointed as scrutineer to monitor and count the poll votes cast at the meetings. • Chairman and members of the board committees and representative from the Company's external auditor or the independent financial adviser, were available at the 2025 AGM and/or the SGM to answer relevant questions from shareholders. • All resolutions proposed at the above general meetings were passed by the Company's shareholders.

2026 AGM

- The 2026 AGM will be held on 17 November 2026. Details of the meeting are set out in the notice of the 2026 AGM which constitutes part of the circular to shareholders. Notice of the 2026 AGM and the proxy form are available on the HKEXnews website and the Company's website.

Investor Relations

- Effective engagement with the investment community remains a cornerstone of the Company's commitment to corporate governance, accountability and long-term value creation. The Investor Relations ("IR") function plays a key role in ensuring that material information and corporate strategy are communicated clearly, consistently, accurately and in a timely manner, enabling investors to make well-informed investment decisions. Through a broad range of communication channels, including results briefings, one-on-one and group meetings, investor conferences, non-deal roadshows, site visits and media engagement, the Company maintains active dialogue with stakeholders across regions and a diversified investor base.

- Investor relations activities are centrally coordinated by the Head of Group Investor Relations, ensuring consistency and alignment in all communications with the investment community. Press conferences are held promptly following results announcements, with the Group Co-CEOs and the Group COFO in attendance. Analyst briefings are conducted in a hybrid format and in both English and Mandarin, enabling participation both in-person and via webcast, and are led by the Group Co-CEO and the Group COFO. This approach facilitates direct access to senior management and enhances transparency regarding the Group's strategy, financial performance and long-term outlook. The management team also maintains open communication with the media, ensuring timely responses to enquiries and effective stakeholder engagement.

- The IR function serves as an important bridge between the Company, its shareholders and the broader investment community. The Company places strong emphasis on two-way communication with investors, with feedback and market intelligence gathered through regular interactions and investor relations. These insights provide valuable perspectives on shareholder expectations, market sentiment and areas for enhancement. Feedback from investors and analysts, together with updates on shareholder composition, trading dynamics and key investor focus areas, are systematically consolidated and reported to senior management and the Board. This enables the Board to better understand shareholder perspectives, market expectations and emerging concerns, ensuring that external views are appropriately considered in strategic planning and decision-making.

- To ensure equal and convenient access to information, the Company adopts a multi-channel disclosure approach encompassing announcements, press releases, presentations, financial reports, the corporate website and digital platforms. This framework supports broad and inclusive dissemination of information to stakeholders across different markets and communication preferences.

- FY2026 marked a notable strengthening of the Company's market presence. The successful re-inclusion in the Southbound Stock Connect programme expanded access to the Chinese Mainland capital and contributed to improved trading liquidity. Together with sustained investor engagement efforts, this strengthened share price performance and increased trading activity, reflecting growing market recognition of the Group's strategy and fundamentals. To further expand outreach to the Chinese Mainland investors, the FY2026 interim results analyst briefing was webcast through a leading Chinese Mainland investment platform, where it attracted significant online interest and further increased the Group's visibility among the Chinese Mainland investors.

- Throughout the year, the IR team executed a diversified global outreach programme spanning Hong Kong, the Chinese Mainland, Japan, Singapore and the United Kingdom. In FY2026, the Company participated in 32 non-deal roadshows and investor conferences, conducting approximately 160 meetings with more than 600 institutional investors and analysts worldwide. Engagement initiatives extended beyond traditional formats to include investor luncheon and curated site visits, including visits to ATL Logistics Centre and KTSP, providing stakeholders with direct exposure to the Group's key assets and operational capabilities. These interactions enhanced transparency and fostered a deeper understanding of the Group's business model, strategic priorities and growth prospects.

- Investor sentiment towards the Group continued to improve across both equity and credit markets. Positive commentary from Bloomberg Intelligence highlighted the Company's strengthening credit profile. Ongoing engagement with the investment community also contributed to broader research coverage, including new analyst initiations by BOCOM International and Citi Research. In addition, the Company continued to receive recognition from leading financial institutions, including CLSA and HSBC, underscoring the effectiveness of its investor relations programme.

- The Company's commitment to transparency and effective engagement continued to be recognized by the investment community during FY2026. We were honoured to receive the IR Pledge Certificate from the Hong Kong Investor Relations Association (HKIRA), reaffirming our adherence to best practices in investor communications. We were also recognized across all seven categories of the Extel Asia (Ex-Japan) Executive Team Survey, namely Best Company Board, Best CEO, Best CFO, Best IR Professional, Best IR Program, Best IR Team and Best ESG. In addition, we were named a "Most Honored Company" and ranked first in the Construction, Engineering & Machinery sector. Further recognition came from the HKIRA 12th Investor Relations Awards, where we received four accolades: Best IR Company, Best CFO, Best IR Team and Best Investor Presentation Material. These achievements underscore our unwavering commitment to transparency, stakeholder engagement and the integration of sustainability considerations into our business strategy and operations, while reinforcing the trust and confidence placed in the Company by the investment community.

Our Approach Regarding Connected Transactions

- Compliance with the rules and requirements imposed on connected transactions is of paramount importance for the protection of, among others, the interests of minority shareholders. Such specific restrictions and requirements could ensure fairness and transparency. The Company has established procedures to comply with the applicable requirements of Chapter 14A of the Listing Rules, including (as applicable) disclosure in announcements and annual reports, and in certain cases, obtaining independent shareholders' approval.

- Except for those connected transactions which are fully exempt under the Listing Rules or which have been covered under the Master Services Agreements mentioned below, each proposed connected transaction will be put forward to the Board for approval. The Company has established procedures designed to ensure that connected transactions are entered into, where applicable, in the ordinary and usual course of business of the Group, on normal commercial terms or better, and on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. In considering the proposed connected transaction(s), the Board will also consider all relevant factors, including as applicable: (i) the rationale for entering into the transaction; (ii) whether the transaction is on terms comparable to those generally available to an independent third party under the same or similar circumstances; (iii) the extent of the connected person's interest in the transaction; and (iv) where applicable, the advice/opinion from independent valuer or if independent shareholders' approval is required, independent financial adviser ("IFA"). Even if a transaction is not subject to independent shareholders' approval and hence IFA's opinion is not required, the Company may still seek advice from an external financial adviser due to, for example, the size of the transaction. The directors are requested to declare their interest, if any, in the transaction. Any director who has a potential interest in such transaction (e.g. acting as a director of the counterparty irrespective of whether he/she has any stake therein) or deemed conflict of interest will abstain from voting and will not be counted in the quorum.

- In accordance with the Listing Rules, the independent non-executive directors have conducted annual review of the continuing connected transactions. Furthermore, external auditor was engaged to review these transactions on an annual basis and it has confirmed to the Board that nothing has come to their attention that causes them to believe that: (i) the transactions have not been approved by the Board; (ii) the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) the transactions have exceeded the annual caps.

- The Company has entered into a Master Services Agreement ("MSA") with each of NWD, CTF Enterprises and Mr Doo Wai Hoi, William ("Mr Doo") for the provision of various operational services during the term of the agreements. Since these parties are connected persons of the Company, the agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Each agreement has a term of 3 years and has been renewed from time to time before expiry. As the MSA with NWD and the MSA with Mr Doo were conditional on approval by the independent shareholders, the Board has engaged an IFA to advise the independent shareholders in respect of the terms of these agreements. The IFA has concluded that (i) the entering into of the MSA with NWD and the MSA with Mr Doo were in the ordinary and usual course of business of the Group and terms thereof were normal commercial terms or better and fair and reasonable; (ii) the entering into of the MSA with NWD and the MSA with Mr Doo were in the interest of the Company and its shareholders as a whole; and (iii) the maximum aggregate annual transaction value (annual caps) of the agreements were fair and reasonable and in the interest of the Company and its shareholders as a whole.

Constitutional Documents

- The Company has not made any change to its constitutional documents during FY2026. However, in order to bring the bye-laws of the Company in line with the relevant requirements of the Listing Rules as well as the applicable laws of Bermuda relating to treasury shares and prepare for the uncertificated securities market regime, a special resolution approving the adoption of amended and restated bye-laws of the Company is proposed to be passed by the shareholders of the Company at the 2026 AGM.

- Consolidated version of the Company's constitutional documents is available on the website of each of the Hong Kong Stock Exchange and the Company.

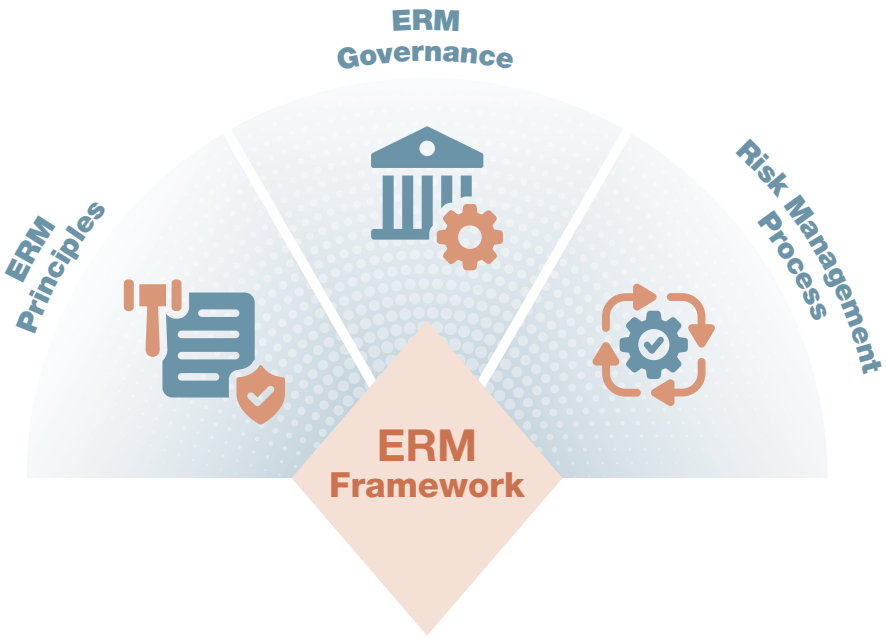
Risk Management Report

Effective risk management is essential to achieve the Group's business objectives and sustainable growth

The Board recognizes the importance of effective risk management and internal control systems. The Audit Committee, delegated by the Board, oversees the overall risk management and internal control systems including the implementation of the Enterprise Risk Management ("ERM") framework, and reviews the effectiveness of these systems.

OUR ERM FRAMEWORK

With reference to the international standards published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and the International Organization for Standardization ("ISO"), the Group has established its own tailor-made ERM framework, which fits in with the business nature, structure, sustainable growth and development of the Group. The ERM framework consists of three components:



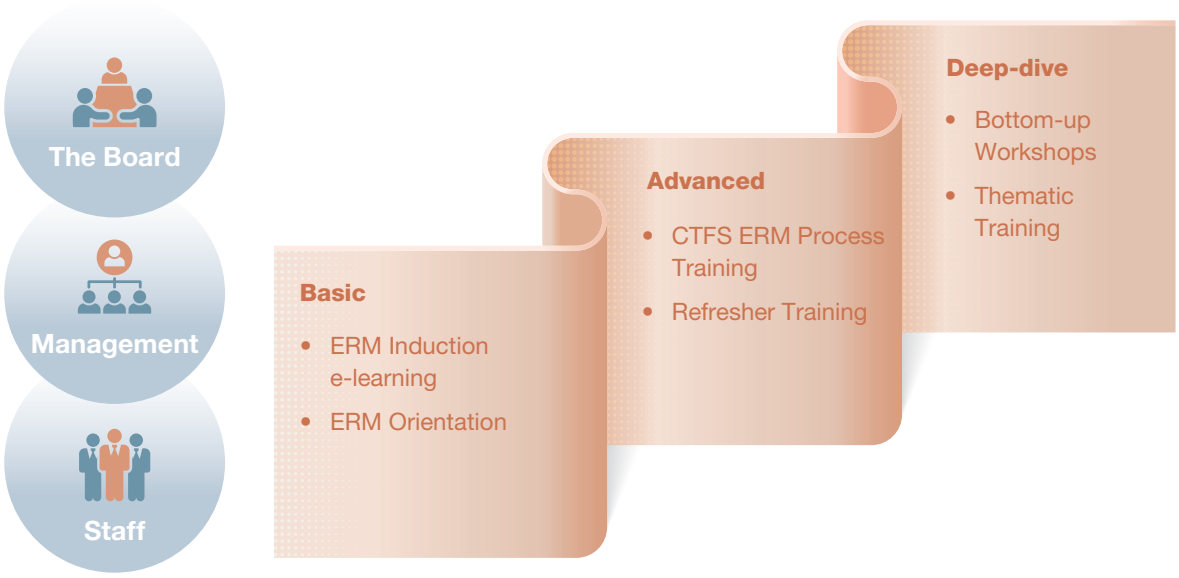
ERM PRINCIPLES

Risk Culture

The Group embraces a risk-aware culture and believes that an ingrained risk culture is the key to effective risk management, while training is a useful tool to promote and engage management and employees in ERM implementation. The Group promotes the risk culture with the following key themes:

- Effective ERM is beyond processes and forms — it is a change of culture in terms of mindset and behaviour.
- ERM is not a standalone programme — it should be tailored and embedded in the Group's business processes.
- ERM deals with both risks and opportunities — appropriate risk-based treatments can control risks and even seize further opportunities of value creation.

Cultivating Risk Awareness through Training



Effective ERM changes mindset and behaviour, and further forms a risk-aware culture. It guides and directs staff's awareness, attitude and action towards risks. Training is a key initiative to enhance the overall risk management capability and maintain a risk-aware culture. Therefore, the Group devotes resources to a systematic training programme on ERM.

Considering various staff roles in the Group, a shallow-to-deep training journey is formulated to customize training approach and content. The training is classified as basic, advanced, and deep-dive levels, and delivers vital knowledge to support staff in executing their risk management duties. At the basic level, the ERM induction and orientation deliver elementary knowledge of risk and ERM to general staff. Meanwhile, the advanced level training equips key personnel across different corporate office departments and business units with the knowledge required for regular risk assessment and monitoring. The deep-dive training includes bottom-up workshops and thematic training. These workshops zoom into specific business units and demonstrate detailed risk assessment techniques through group exercises with senior management and risk owners, while the thematic training delves into specific risk topics to raise risk awareness and share best practices with a particular focus on selected key risks or emerging risks of the year.

Participants take the chance to share valuable risk insights from their experience, and enhance the collaboration among business units and departments. The Group Risk Management ("GRM") team takes the lead to organize risk training, and continues to cultivate risk awareness across the Group.

CYBER NEXUS — STAYING AHEAD OF EVOLVING THREATS AND REGULATION

Rapid technological advancement, increasing digital interconnectivity, and evolving regulatory requirements continue to reshape the cyber risk landscape. Recognizing cyber awareness and preparedness are integral to the Group's long-term resilience, we organized a thematic event "Cyber Nexus — Staying Ahead of Evolving Threats and Regulation", bringing together industry experts and colleagues from diverse business units to enhance understanding of the evolving cyber and regulatory landscape, and cyber resilience strategies.



The event commenced with a keynote speech delivered by KPMG's Partner (Technology Risk), who shared valuable insights into key regulatory trends, including developments in critical infrastructure legislation, and highlighted good practices across industries. This was followed by a panel discussion moderated by our Head of Group Audit and Risk Assurance ("GARA"), featuring the General Manager (Technology & Digital) of Kai Tak Sports Park and the Chief Information Security Officer of CTF Life. The discussion explored the evolving cyber threat landscape, and practical mitigation approaches to strengthen organizational resilience.

Building on the panel discussion, we hosted a series of interactive on-site games in which participants were challenged to assume the role of attackers and attempt to extract targeted data through simulated scenarios:

- **Break the Bot** — Participants attempted to extract dummy information from a dummy AI agent through prompt injection, highlighting the importance of data privacy, access controls, and secure AI deployment.
- **The Hidden Stalker** — Participants analyzed dummy social media profiles to answer security questions commonly used in password recovery, demonstrating how information shared publicly can be exploited for social engineering attacks, and reinforcing responsible social media use and robust privacy settings.
- **The Messy Desk** — Participants identified exposed information in a mock-up workspace, illustrating how physical security vulnerabilities can lead to information leakage and reinforcing the continued importance of maintaining good physical security practices, despite the increasing focus on AI-related cyber threats.

To broaden engagement, the event also featured a password survival challenge for both on-site and online participants, demonstrating how passwords can be compromised through brute-force attacks and reinforcing the importance of strong password practices in safeguarding information assets.

Combining expert dialogue with experiential learning, the event successfully translated complex cyber and regulatory developments into practical considerations for business units across the Group and received positive feedback from participants. Moving forward, we remain committed to deepening risk awareness, promoting shared responsibility for risk management and strengthening the Group's collective resilience against an increasingly complex risk landscape.



Risk Management Objectives

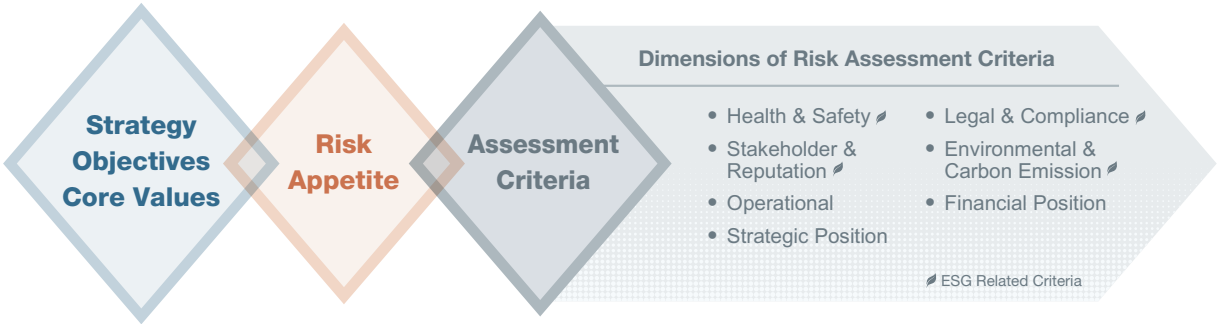
The Group's ERM framework aims to enhance the ability to achieve its vision and mission, and fulfil its five core values. In support of this, the Group has established a robust ERM framework with the following risk management objectives:

- To fulfil our commitment to integrity, ethics and compliance as an integral part of our corporate governance
- To build agility and resilience amid uncertainty in dynamic business environment
- To facilitate risk-informed decisions and align the Group's objectives, strategy and operations with the risk appetite
- To strengthen our capacity for seizing opportunities and safeguarding our assets to support our sustainable growth and create shared value

Risk Appetite

Risk appetite is defined to establish the extent and nature of risks the Group is willing to take in achieving its vision and mission. The Group's risk appetite statement is disseminated across the Group and incorporated into our risk assessment criteria in order to align with our business objectives, core values, strategy, as well as risk management activities. The risk appetite statement is reviewed by the Board periodically to keep abreast of the ever-changing business environment and the latest development of the Group. The Group's risk appetite is as follows:

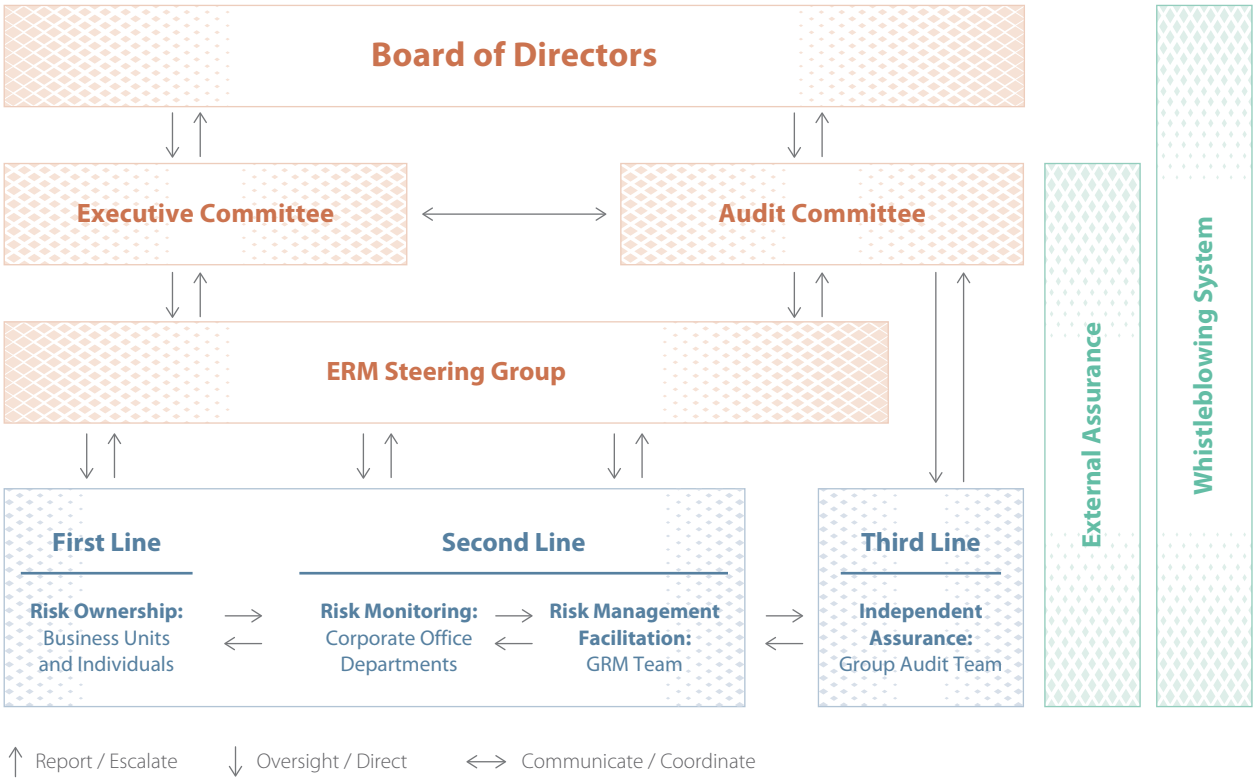
- The Group upholds the highest standards of integrity, compliance, and ethics, and has no tolerance for any material breaches of laws and regulations.
- The Group has no compromise on any threats which may significantly impact the health and safety of our people.
- The Group does not expose itself to any potential material damage to its reputation or brand.
- The Group proactively reduces its environmental footprint by embedding environmental considerations across its value chain, advancing its net-zero pathway, and avoiding activities that may significantly harm the environment.
- The Group respects human rights and promotes inclusive and equitable practices across its operations and supply chain. It seeks to create positive societal impact through responsible charitable partnerships, while refraining from activities that may cause significant harm to its people, stakeholders, or communities.
- The Group endeavours to minimize any business interruptions and significant operational impacts to business continuity. In addition, the Group remains vigilant to operational risks arising from climate change and continues to strengthen its climate adaptation measures to enhance operational resilience.
- The Group is prudent in making decisions that may threaten its long-term financial viability and liquidity to meet its financial commitments.
- The Group balances risks and opportunities whilst implementing strategies to minimize failure in business decisions, reduce shortfalls in achieving its ESG commitments and net zero pathway, and optimize the Group's long-term value.



ERM GOVERNANCE

Risk Governance Structure

The overall risk management process is overseen by the Board. With the emphasis on value creation and protection, the Group adopts the Three Lines Model as its risk governance structure. The model clearly defines the responsibilities for enhancing collaboration and communication among different roles, which facilitates alignment of risk management activities and provides assurance to the Board.



Governing Body

Board of Directors

- Hold the ultimate responsibility for the Group's risk management and internal control systems
- Ensure the appropriateness, adequacy and effectiveness of the Group's risk management and internal control systems through the Audit Committee's reviews
- Determine and review the risk appetite to ensure its continual alignment with the Group's core values, strategic objectives, business context, risk capacity and the evolving risk landscape
- Empower and delegate the oversight responsibility of risk management and internal control systems to the Audit Committee

Audit Committee

- Provide independent oversight on the risk management and internal control systems and review their appropriateness, adequacy and effectiveness
- Review the risk profile of the Group and advise the Board on the current and potential risk exposures and their corresponding risk treatment plans

Executive Committee

- Determine and allocate sufficient resources to effectively implement the ERM system
- Review and prioritize the Group's key risks and endorse the risk treatment plans
- Ascertain the effectiveness of the risk management and internal control systems

ERM Steering Group

- Lead and supervise the implementation of the Group's risk management and internal control systems
- Advise the Audit Committee and the Executive Committee on all ERM-related matters
- Improve risk awareness and promote risk-aware culture across the Group

Work performed by ERM Steering Group in FY2026

Chaired by the Group Chief Operating and Financial Officer, and comprised of the representatives from business units and corporate office departments

- Reviewed the half-year risk profile, ranking of the top risks (including ESG and climate-related risks) and risk trend, for reporting to the Audit Committee and the Executive Committee
- Reviewed the revamp of Key Risk Indicator ("KRI") Framework, KRI results and major mitigation measures implemented for the KRIs exceeding pre-defined thresholds
- Reviewed the enhancements of the effectiveness of the ERM framework and its implementation
- Reviewed the revisions of Integrated Internal Control Self-Assessment ("IICSA") and the implementation of Material Control Repository
- Reviewed the revision of the ERM Procedure
- Reviewed the revised risk appetite and risk assessment criteria framework with enhanced integration of ESG considerations to strengthen identification, assessment and monitoring of ESG-related risks
- Reviewed the progress of the redevelopment of the digitalized risk management infrastructure — Enterprise Risk Management Applications ("ERMApps")
- Made recommendations on the focus topics of risk culture training and risk management system features

First Line

Business Units and Individuals (Frontline Staff and Operational Management)

- Act as risk owners to perform risk assessments to identify, analyze, and evaluate risks in daily operations and in areas of accountability
- Design, implement and evaluate risk treatment plans and report in the Risk Register on a regular basis
- Maintain a repository of material controls and conduct periodic self-assessment on the effectiveness of internal control system
- Establish appropriate governance bodies to provide effective oversight of material risk exposures, taking into account the organization's unique business nature, risk profile and regulatory environment, and ensuring such risks are managed within the established risk appetite

Second Line

Corporate Office Departments

- Act as risk owners and perform ERM responsibilities for respective departments
- Remain current with best practices and provide recommendations to the ERM Steering Group

Group Risk Management Team

- Assist management in the design and development of ERM processes and risk mitigation plans
- Facilitate the risk management process, including the identification and monitoring of the known and emerging risks, aggregation and prioritization of the key risks identified by the Group as well as reporting to senior management and committees
- Promote risk-aware culture across the Group
- Monitor the KRIs and review the implementation of risk mitigation plans

Third Line

Group Audit Team

- Evaluate the adequacy, appropriateness, effectiveness and efficiency of the risk management and internal control systems
- Consider the key and emerging risks and key control processes upon formulating the annual audit plan and planning for each audit
- Perform risk-based validation of the risk treatment plans

External Assurance

External Auditor

- Provide independent observations and recommendations on the Group's processes and controls over financial reporting

Independent Experts from Respective Professions

- Provide independent assessment of the process and procedure of the ERM system in accordance with relevant regulatory requirements or Risk Management Standard (e.g. ISO 31000:2018 Risk Management), depending on the scope of the assessment
- Advise on best practice and/or assure compliance, if necessary

Regulatory Authorities

- Execute regulatory oversight on relevant entities, areas or activities

Whistleblowing System

- Provide an independent and confidential channel for stakeholders to directly report to Group Audit team for any serious concerns about suspected or actual fraud, corruption, breach, malpractice, misconduct or irregularity of the Group and/or its staff member. Please refer to the Corporate Governance Report of this annual report for details

RISK MANAGEMENT PROCESS

Risk management process starts from the establishment of context, by taking into consideration of the external environment and megatrends, as well as risk universe of the Group. Risks are then identified, analyzed, evaluated and treated with measures. With constant review, monitoring, reporting and consultation, the risk management process integrates with various business processes and activities in optimizing the risk and return.

To facilitate a comprehensive and robust risk management process, top-down and bottom-up approaches are employed to gather risk insights as well as to monitor and manage risks from the perspectives of both sides, together with "ERM Policy" and "ERM Procedure" to provide proper guidance. Also, interactive communication between the risk owners and the GRM team is in place to enable both parties to keep abreast of risk updates.

Risk Management Process



Risk Assessment and Treatment

1

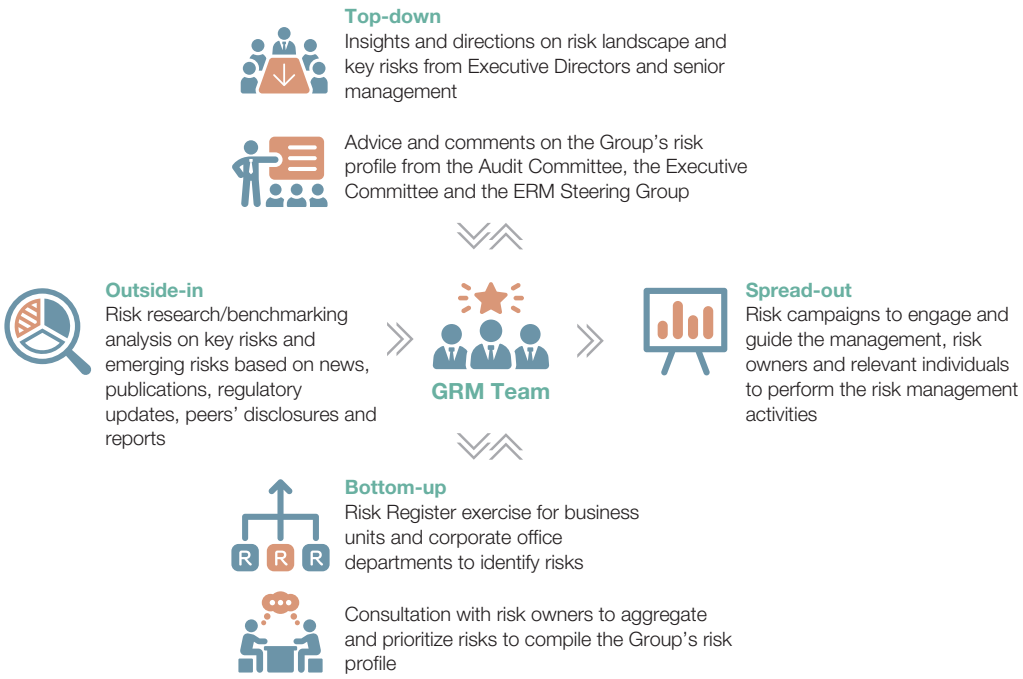
Establishment of Context

The Group defines the internal and external contexts (e.g. corporate objectives, core values, organizational structure, stakeholders, business segments, operating regions, regulatory environment) as well as the parameters for risk assessment criteria.

2

Risk Identification

The Group adopts both top-down and bottom-up approaches, complemented with outside-in and spread-out mechanisms to facilitate a comprehensive risk identification process.



3

Risk Analysis

The Group adopts a two-phased methodology where business units and corporate office departments need to conduct a preliminary risk assessment to sort out key risks for undergoing comprehensive risk analysis, and a diverse spectrum of risk assessment criteria is applied throughout the process covering likelihood, impact, risk velocity, forecast risk movement, inherent risk level and residual risk level.

4

Risk Evaluation

The risk analysis results are compared with the risk appetite and tolerance level. This allows management to determine the risk response strategy for each risk and prioritize risk treatment plans.

5

Risk Treatment

Risk treatment plans for implementing risk mitigation measures are developed by respective business units and corporate office departments, based on the priority and nature of risks.

Monitoring and Review

Continual tracking, review and validation of the implementation of our ERM framework have been in place to monitor various risks, change in risk exposure, their residual risk levels, as well as to ensure and increase the effectiveness and quality of ERM framework and outcomes.

Top-Down Engagement (Annually)	The GRM team conducts in-depth risk discussion on emerging political, economic, social, technological, legal and environmental ("PESTLE") trends in our business context with the senior management of the Group and its business units to obtain their insights on the risk landscape faced by the Group.
Bottom-up Risk Register Review (Semi-annually)	Business units and corporate office departments perform review of the risk assessment and risk treatment plans, and submit Risk Registers to the GRM team for consolidation into the aggregated risk profile of the Group.
Key Risk Indicator Monitoring (Quarterly reporting, with immediate notification of any exceedance upon detection)	The Group adopts a two-tier KRI structure comprising Principle KRIs and Agile KRIs to monitor changes in risk exposure of key risks, where Principle KRIs are standardized indicators applied across business units to provide consistent oversight on potential risk appetite exceedance, while Agile KRIs are customized indicators designed to reflect the unique risk characteristics of different business units, supporting more dynamic monitoring of changing risk profiles. If there is any KRI value exceeding the pre-defined threshold, risk alerts to management will be mandated so that they can timely administer corresponding responses, and proper reporting to Executive Directors will be made. The GRM team also monitors the KRIs and corresponding follow-up actions for any exceedance.
Risk Treatment Validation (Annually)	The GRM team reviews the implementation of risk treatment measures stated in the Risk Register or KRI Report. The Group Audit team also performs risk-based validation to test risk treatment measures of key risks during the internal audit process.
Material Control Repository and Integrated Internal Control Self-Assessment (Semi-annually)	Business units and corporate office departments review the repository for key business processes and associated material controls and conduct Integrated Internal Control Self-Assessment to evaluate and ascertain the effectiveness of their risk management and internal control systems, with reference to the COSO framework.
Early Flagging Mechanism (On-going)	An early risk flagging mechanism is applied across the Group, to proactively identify and assess emerging risks and risks with high velocity, such as quality, health and safety, disaster and media events. When a potential risk is perceived with significant impact, the risk should be flagged and reported to the relevant line manager and risk oversight parties.

Whistleblowing Mechanism (On-going)	The Group has established a Whistleblowing Policy and provided reporting channels for internal and external stakeholders. Whistleblowing cases are reported to the Executive Committee and Audit Committee. For details, please refer to the Corporate Governance Report of this annual report.
Independent Review of ERM System (Annually)	Independent review of the ERM system's processes and procedures is performed annually by an independent qualified external assessor or the Group Audit team. During the year, the Group has engaged SGS Hong Kong Limited ("SGS") to assess its ERM implementation in accordance with ISO 31000:2018 Risk Management — Guidelines.

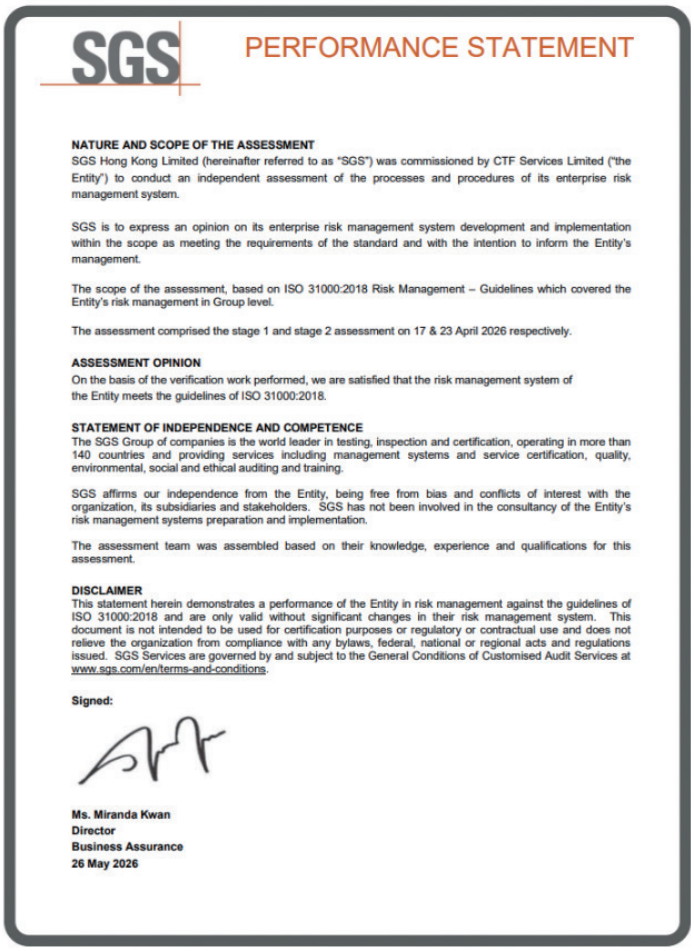
Consultation and Reporting

Regular reporting, regarding identified risks and the status of risk management activities, is provided to management, the ERM Steering Group, the Executive Committee, the Audit Committee and the ESG Committee to facilitate the risk management process and decision-making. The ERM Steering Group Meeting is held every half year to discuss key risk matters and updates.

Independent Assessment of ERM Framework

During FY2026, SGS was engaged to conduct an independent assessment of the processes and procedures of CTFS's ERM system, based on the ISO 31000:2018 Risk Management — Guidelines. The independent assessor was satisfied that the risk management system of CTFS met the guidelines of ISO 31000:2018.

For further information regarding the assessment, please refer to the accompanying Performance Statement.



SGS PERFORMANCE STATEMENT

NATURE AND SCOPE OF THE ASSESSMENT

SGS Hong Kong Limited (hereinafter referred to as "SGS") was commissioned by CTF Services Limited ("the Entity") to conduct an independent assessment of the processes and procedures of its enterprise risk management system.

SGS is to express an opinion on its enterprise risk management system development and implementation within the scope as meeting the requirements of the standard and with the intention to inform the Entity's management.

The scope of the assessment, based on ISO 31000:2018 Risk Management – Guidelines which covered the Entity's risk management in Group level.

The assessment comprised the stage 1 and stage 2 assessment on 17 & 23 April 2026 respectively.

ASSESSMENT OPINION

On the basis of the verification work performed, we are satisfied that the risk management system of the Entity meets the guidelines of ISO 31000:2018.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in testing, inspection and certification, operating in more than 140 countries and providing services including management systems and service certification, quality, environmental, social and ethical auditing and training.

SGS affirms our independence from the Entity, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders. SGS has not been involved in the consultancy of the Entity's risk management systems preparation and implementation.

The assessment team was assembled based on their knowledge, experience and qualifications for this assessment.

DISCLAIMER

This statement herein demonstrates a performance of the Entity in risk management against the guidelines of ISO 31000:2018 and are only valid without significant changes in their risk management system. This document is not intended to be used for certification purposes or regulatory or contractual use and does not relieve the organization from compliance with any bylaws, federal, national or regional acts and regulations issued. SGS Services are governed by and subject to the General Conditions of Customised Audit Services at www.sgs.com/en/terms-and-conditions.

Signed:

Ms. Miranda Kwan
Director
Business Assurance
26 May 2026

Review on the Effectiveness of Risk Management and Internal Control Systems

The Board, with the assistance of the Audit Committee and ESG Committee, reviewed and evaluated the effectiveness of the Group's risk management and internal control systems (including ESG and climate-related risks) on a semi-annual basis during the financial year, taking into consideration the following reporting and supporting information:

Group Audit Reports

- Progress of audit work performed against the annual audit plan, significant audit observations and corresponding remedial measures taken by management, and the remediation status on prior audit observations
- Individual internal audit reports covering the scope of the review, details of audit findings and their risk implications such as the potential impact on financial performance, operations, compliance and reputation, and corresponding management response including the remedial actions

Whistleblowing Reports (if any)

- Details of reported whistleblowing cases, the conclusion of investigations and mitigation measures taken by management (if applicable)

Group Risk Management Reports

- The risk profile (including ESG and climate-related risks) of the Group and each business segment, the key risks and their major changes in relation to the changes in business, operations, external environment, and emerging megatrends, the adopted responses and remaining risk levels against our risk tolerance
- Status of KRI monitoring, including any exceedances of defined thresholds and corresponding follow-up actions
- Results of risk treatment validation, including major observations and corresponding follow-up actions
- Ad-hoc emerging risk reviews to assess the readiness of relevant business units to respond to emerging risks/ incidents observed in the industry
- Major ERM activities such as market research to explore improvement opportunities, risk training and events organized, enhancements to the ERM framework and process (including ESG integration), as well as upcoming ERM initiatives
- Results of the independent assessment of the Group's ERM system's processes and procedures by the independent qualified external assessor or Group Audit team

Review of Risk Management and Internal Control Systems

- Review of any changes to the frameworks and processes regarding risk management and internal control systems, including those necessary to comply with the changes in applicable regulatory requirements
- Revisions to risk management and internal control-related policies and procedures to reflect the changes adopted (e.g. Anti-Fraud and Counter-Corruption Policy, Whistleblowing Policy, ERM Policy and ERM Procedure)
- Review of the adequacy of resources, qualifications and experience of accounting, internal audit, risk management and financial reporting functions
- Review of the independence of the internal audit function
- Review of the adequacy of training programmes related to risk management and internal controls provided for different roles of personnel

Management Confirmation through Integrated Internal Control Self-Assessment

- Review of the repository for key business processes and all associated material controls across the Group and its subsidiaries, including financial, operational and compliance controls
- Review of the follow-up actions taken for any fraud, material misconduct, breach and non-compliance incident
- Management's review and ascertainment of the effectiveness of risk management and internal control systems, with reference to the COSO framework

External Auditor Reports

- Any independent observations and recommendations on the Group's processes and controls over financial reporting (if applicable)

Regarding the results of the review of the effectiveness of the risk management and internal control systems, please refer to the Corporate Governance Report in this annual report for details.

INTEGRATION OF RISK MANAGEMENT

ERM is not a standalone programme, it is embedded into decision-making and business processes, including but not limited to the following key organizational processes

Business Planning

Potential risks, which may impact the achievement of business objectives, are identified and considered in strategic planning, and project and operational plans. This could better align business strategy and process with the risk appetite set at the early stage.

Investment

Investment proposals are reviewed with due consideration of risks (including ESG and climate-related risks) before decision-making with investment limits and approval limits established for different categories of investments in alignment with our risk appetite. Feasibility study and/or due diligence are conducted to identify and assess potential risks and relevant costs for risk treatment. Review and reporting processes are in place to analyze and monitor the change of risks throughout the investment management cycle. Response strategy is formulated and executed timely to address any material changes of risk exposure of an investment project. While majority of the Group's financial investments originate from its insurance business, further information on the related investment risk management framework is provided in the "Risk Analysis by Business" section.

Day-to-day Operations

The Group establishes a framework for business units and corporate office departments to understand and evaluate their risk profiles and exposures (including ESG and climate-related risks) systematically. Risk treatment plans designed during the ERM process have been incorporated with their operational plans and implemented with regular monitoring. KRI mechanism is applied to detect abnormal changes to risk exposures for timely escalation and treatment.

Business Resilience and Continuity Management

In today's complex business landscape and evolving climate pattern, organizations face a wide range of events that may disrupt their operations. The ability to effectively manage such disruptions and recover promptly is critical to an organization's resilience, reputation, and long-term success. Accordingly, the Group maintains a Business Continuity Management ("BCM") system to enhance operational resilience and support the continuity of critical business activities during disruptive events. This system provides a consistent approach across the Group to identifying, assessing, and managing disruption risks, while strengthening preparedness, response and recovery capabilities. A dedicated BCM Committee, chaired by the Group Co-Chief Executive Officer and Group Chief Operating and Financial Officer, and comprising representatives from the corporate office and business units, was also established to provide governance oversight, facilitate cross-functional coordination and ensure alignment of BCM objectives across the Group.

Core Elements in our BCM System

BCM Governance

Establishes a governance framework, together with clear roles, responsibilities and oversight mechanisms, to support effective BCM implementation across the Group

Group BCM Framework

Defines the principles, standards and requirements governing the development, implementation and ongoing maintenance of BCM capabilities and planning across the Group

Crisis Communication Plan

Provides a structured mechanism across the Group for timely crisis reporting, activation of the crisis management team, and appropriate communication with key stakeholders during crisis and disruption events

BCM Approach and Methodology

Incorporates Business Impact Analysis and Disruption Risk Assessment methodologies to identify critical business activities, assess disruption risks and evaluate business continuity preparedness, with a strong emphasis on regular training, testing, drills and reviews

ESG Risk Integration and Climate Resilience

ESG issues and climate change are widely recognized as key topics that all sectors need to address, as they can bring multi-faceted impacts to sustainable business growth and community development. To support the achievement of CTFS sustainability targets and enhance resilience to both physical and transition climate risks, the Group has integrated ESG and climate-related risks into its ERM framework.

The Board provides overall oversight of the Group's ESG and sustainability matters and is ultimately accountable for the Group's ESG strategy and progress against its goals and targets. With the delegation from the Board, the Audit Committee oversees risks, including ESG and climate-related risks, and evaluates the effectiveness of mitigation measures to manage the risks.

The Group applies its ERM process to assess, manage, monitor, and report ESG and climate-related risks. ESG risk profiles (including climate-related risks) and integration initiatives are reported regularly to the ERM Steering Group, Executive Committee, Audit Committee, and ESG Committee.

Embedding ESG in our Risk Management Process

Risk Identification

Material ESG issues, together with climate-related physical and transition risks, are integrated into the CTFS Risk Bank to support the systematic identification, assessment and management of ESG-related risks, in alignment with the strategic focus of the Group's ESG priorities. The GRM team works closely with the Group ESG team to incorporate ESG insights into the risk identification process and engages with risk owners to assess and discuss relevant ESG risk factors.

Risk Assessment

The Group is committed to minimizing its negative impacts on the environment and society. It has integrated ESG considerations into its risk assessment process:

- Likelihood criteria — Adopt a longer time horizon for climate risk evaluation so the long-term effect of climate-related risks could be adequately reflected in our assessment;
- Impact criteria — Establish relevant criteria covering health and safety, stakeholder, environmental, climate, and compliance aspects, aligned with the Group's core values.

To strengthen our assessment of the financial implications arising from climate-related physical and transition risks, we engaged external consultants to conduct climate scenario analyses across our major business units. The findings support risk prioritization and the development of climate adaptation and resilience strategies, and have been incorporated into risk registers to facilitate ongoing monitoring and management of climate-related risks and mitigation measures.

Risk Treatment & Monitoring

Consistent with the Group's ERM approach, KRIs and risk mitigation measures are developed for ESG-related risks by respective business units and corporate office departments, based on the nature and priorities of the identified risks and their associated ESG issues. To further strengthen climate risk oversight, the Group leverages climate scenario analyses to identify meaningful indicators that support the monitoring of key climate risk drivers and enable timely mitigation actions.

The GRM team works closely with the Group ESG team, sharing ESG risk insights to support the effective management of ESG-related risks and the development of ESG initiatives. Further information on ESG-related matters is available in the Corporate Governance Report of this annual report and our separate FY2026 ESG Report.

Risk Awareness Building

Periodic training sessions are conducted to share our approach to managing ESG-related risks, as well as information and knowledge about emerging trends and popular ESG and climate-related topics to our management, risk owners and relevant individuals. ESG and climate considerations have also been incorporated in our regular risk induction training and deep-dive workshop on risk assessment. We also actively engage the Group ESG team and external experts to share their insights and best practices on management of ESG-related risks. All relevant training materials, together with the Group's policies, procedures and guidance materials related to risk management and internal control, are centralized within the "ERM Library" module under ERMApps, the Group's policies unified digital ERM platform, to enhance the accessibility, consistent understanding and sharing of risk management knowledge, requirements and practices across the Group.

KEY RISK MANAGEMENT ACTIVITIES IN FY2026

Effectiveness of the ERM framework and related activities are continuously reviewed and enhanced to manage the uncertainty of the fast-changing business environment. With the oversight and expertise from the Board and Audit Committee, the following risk management activities have been implemented during the year.

Reviewing ERM Implementation by Independent Consultant

- Engaged SGS, an independent consultant, for the assessment of our ERM system. Obtained recognition from SGS that our ERM system demonstrated robustness and coherence to ISO 31000:2018 Risk Management — Guidelines, a widely adopted international standard.
- Maximized our strengths in the ERM implementation with SGS's recommendations. In the assessment report, SGS also highlighted our systematic and comprehensive ERM structure, the strong progress in the integration of ESG and climate-related risks into the risk management process, and continual refinement to ensure the framework is more practical, user-friendly, and readily applicable across business functions, thereby enabling more effective implementation and embedding of risk management practices into day-to-day operations.

Strengthening Risk Management and Internal Control Framework

- Reviewed and updated the Group's ERM Policy and ERM Procedure to ensure alignment with changes in the organizational structure, ERM framework, methodologies, processes, and system capabilities.
- Conducted a regular review of the Group's risk appetite to ensure its continued relevance to the Group's strategic vision and core values, alignment with evolving regulatory expectations, and consistency with market best practices. Following the review, the Risk Appetite Statement was refined to strengthen the integration of ESG and climate-related considerations and to reinforce the embedding of risk-aware culture across the Group by outlining the desired behaviours applicable to each risk appetite area.
- Reviewed the risk assessment criteria framework and adopted a business segment-oriented approach comprising segment-standard criteria and major business unit-specific criteria. The revised framework is designed to more effectively address the varying risk landscapes across the Group's diversified business segments, as well as maintain a common governance baseline across each segment while enabling more tailored assessments for major business units with significant influence on the Group. ESG integration was further strengthened in the risk assessment process through enhancements to environmental-related criteria, including the introduction of a dedicated "Environmental Damage" impact parameter, the transition of an energy consumption-based criterion to carbon emission metrics and adoption of an extended assessment time horizon for the likelihood criteria of climate-related risks to better reflect their long-term nature.

Strengthening Risk Management and Internal Control Framework *(Continued)*

- Reviewed and revamped the KRI framework to strengthen risk monitoring capabilities and deepen the integration of ESG and climate-related considerations. The revised framework introduces a two-tier structure comprising Principle KRIs and Agile KRIs. Principle KRIs are standardized indicators applied across business units to provide consistent oversight on potential risk appetite exceedance. Agile KRIs are customized indicators designed to reflect the unique risk characteristics of different business units, supporting more dynamic monitoring of changing risk profiles. The refinement also strengthens the alignment between KRIs, key business segment risks, material ESG issues and major climate risks identified through climate scenario analysis, supporting more timely identification, escalation and management of emerging risk exposures.
- Continued to enhance the ERMApps to streamline risk management processes and improve the efficiency, consistency and digitalization of risk management activities across the Group. During the year, the Group launched the ERM Library module under ERMApps as a centralized repository for policies, procedures, guidance materials, training resources and reference documents related to risk management and internal control, improving accessibility to risk management knowledge and facilitating the sharing of best practices across the Group.
- Refined the IICSA to enhance review areas such as business continuity, climate risk, data integrity and privacy. In addition, a new Material Control Repository was established to support maintenance of a centralized inventory of key processes and material controls across business units, promoting greater control transparency and accountability, and supporting periodic review of material controls. Collectively, these enhancements have strengthened the Group's governance and oversight of the risk management and internal control systems.

Promoting Risk Culture through Training

- Conducted refresher training sessions for risk owners and risk reporting persons to provide the latest updates on the risk management or internal controls framework, including the revamped KRI and risk assessment criteria frameworks, ERMApps' enhancement, revisions of the ERM Procedure and implementation of the Material Control Repository.
- Organized a group-wide cybersecurity event, "Cyber Nexus — Staying Ahead of Evolving Threats and Regulation", featuring an insights sharing session on emerging trends in cybersecurity threats and regulatory development, and practical approaches to strengthening cyber resilience, as well as the "Cybersecurity Game Series — Secret Intrusion", interactive simulation challenges involving AI data leakage, social engineering and password cracking scenarios. The event enhanced participants' awareness of cyber risks, regulatory developments, potential vulnerabilities and the importance of information security practices, while providing practical insights into the evolving cyber threat landscape and resilience measures.
- Organized deep-dive workshops for various business units to provide practical techniques on risk assessment and evaluation, the interconnection of climate factors, business impact analysis, and disruption risk assessment. These workshops enhanced participants' ability to identify risks proactively, improve decision-making, and strengthen overall resilience against potential disruptions.

RISK FOCUS IN FY2026

The Group operates and invests in a diversified portfolio of businesses predominantly in Hong Kong and the Chinese Mainland, including financial services, toll roads, logistics, construction, and facilities management.

Through the comprehensive risk management process described in the previous section, the Group has identified major risks which may affect the achievement of its business objectives. However, risks evolve through interactions among various dynamic forces and factors in the business environment. Certain risks that are not currently significant may emerge as key risks in the future, while other risks may not yet have been identified. Accordingly, our risk portfolio is regularly reviewed and updated to react and respond to the changing risk landscape.

Overall Risk Trend and Emerging Risk Drivers

The Group's risk environment in FY2026 continues to be influenced by the pace of economic recovery in Hong Kong and the Chinese Mainland, geopolitical tensions, trade policy uncertainty and an increasingly demanding regulatory landscape. Although interest rate volatility has moderated and inflation remains relatively contained, economic growth across the region remains uneven. Hong Kong's GDP growth is forecast at 2.5%–3.5% in 2026, while the Chinese Mainland is expected to maintain moderate growth amid ongoing economic restructuring.

While these developments may affect consumer spending, investment decisions and financing conditions, the Group remains resilient, supported by a strong balance sheet, healthy liquidity position and prudent financial management practices. Existing liquidity resources and funding capacity are considered adequate to support business operations and strategic initiatives under both normal and stressed conditions. Notwithstanding the external uncertainties, the Group's overall risk profile remains within its risk appetite.

Technology transformation remains a strategic priority for enhancing the Group's competitive position. Advances in artificial intelligence, automation and digital solutions present significant opportunities to improve operational efficiency, customer engagement and decision-making capabilities. Across the Group, various business units are accelerating the adoption of emerging technologies, with investments subject to pilot implementation and ongoing evaluation to ensure they are supported by demonstrable business value, appropriate use cases and prudent cost-benefit considerations prior to wider deployment. For example, the insurance business utilizes digital platforms, data analytics and AI-enabled solutions to enhance customer experience, streamline operational processes and strengthen distribution effectiveness. Meanwhile, the construction business is expanding the use of smart site technologies and construction robotics to improve quality, productivity, safety and cost control, while fostering a more modern and technology-enabled working environment that supports attraction and retention of next-generation talents.

As reliance on technology grows, the Group faces heightened risks relating to cybersecurity threats, data privacy and AI governance. The Group will reinforce technology risk management, cybersecurity capabilities and governance frameworks to ensure these transformation initiatives are implemented in a secure, resilient and responsible manner. In parallel, certain business units have developed dedicated AI governance frameworks to support the responsible adoption of AI, with a focus on accountability, risk assessment, human oversight, continuous validation and ongoing training. The Group also promotes employee awareness and capability building through training programmes designed to encourage the effective use of emerging technologies, such as generative AI, while reinforcing the importance of cybersecurity, data protection, and ethical and compliance considerations. In addition, the Group's expansion into digital infrastructure may introduce new technology, operational and regulatory considerations, which will continue to be incorporated into the Group's risk assessment and monitoring processes.

Climate-related risks continue to grow in significance. The increasing frequency and severity of extreme weather events, evolving transition requirements associated with decarbonization initiatives and expanding ESG disclosure expectations may impact business operations, asset values, project delivery and stakeholder expectations. The Group continues to enhance its climate risk management capabilities through climate scenario analysis, business continuity planning, infrastructure resilience measures and sustainability initiatives under its ESG strategic priorities.

Looking ahead, the Group will maintain a vigilant and forward-looking approach towards emerging risks and opportunities. By strengthening risk awareness, enhancing resilience and promoting innovation, the Group remains well positioned to navigate uncertainties and support sustainable value creation for its stakeholders. Please refer to the following table for the major risks identified by the Group and the corresponding response measures. This is neither intended to be exhaustive nor comprehensive.

Risk Description	Risk Trend	Response Measures
Macroeconomic Risk Global economic uncertainties and slow recovery affecting business growth and financial performance	◆	• Evaluate the potential impacts from the economy by analyzing the financial performance and monitoring business and economic data continuously • Optimize business/customer portfolios to reduce impact from economic fluctuation and diversify the risk • Identify opportunities for business collaboration and partnership to leverage the synergies within the CTF Group's diverse business network • Perform sensitivity assessment on potential impacts in relation to economic conditions leading to lower valuation • Explore new business opportunities or new sources of income for new growth drivers • Closely monitor movement of foreign currency exchange rates and consider to arrange currency hedging contracts should the need arise
Competition Risk Intense competition arising from existing competitors and/or new entrants to the market regarding the industries the Group is operating **Associated ESG Issue:** Innovation and Digitalization	◆	• Expand and maintain the market share by effective customer incentive programmes and sound customer relationship management • Conduct market and competitor analysis to evaluate our competitive position and formulate corresponding strategic plans • Utilize technology to optimize customer experience and operational efficiency • Pursue advanced qualifications and industrial-recognized accreditations to strengthen our technical capabilities and competitive edge • Leverage CTF Group synergies to strengthen competitive advantage
Government Policy and Intervention Risk Imposition of government policies, intervention, laws or regulations, exposing the Group to legal or regulatory liabilities, business disruption, reputational damage and/or financial loss	◆	• Closely monitor changes in applicable government policies, laws and regulations, and formulate appropriate responsive strategies and plans • Provide updates and/or training to staff to cope with the new government policies and practices • Proactively communicate with external parties (e.g. the relevant council or association) to understand the changes and express opinions collectively • Partner with consultants, scholars and universities to get the advice on adapting changes in government policy

▲ Risk Level increased during FY2026 ▼ Risk Level decreased during FY2026 ◆ Risk Level remained
ESG-related Risk

Risk Description	Risk Trend	Response Measures
Geopolitical Risk Conflicts between nations, political issues towards individual business, political instability and etc., impacting the Group's ability to sustain its profitability	▲	• Pay close attention to the latest development of geopolitical issues and assess impact of the issues • Seek professional advice on any regulatory changes due to political factors such as sanctions • Widen investment universe by considering investors and assets from different backgrounds (e.g. industry, nationality, source of funds) • Delay spending of capital expenditure in concerned regions based on the situation • Diversify the impact of geopolitical issues by investing in business opportunities across different regions and markets
Cybersecurity Risk ESG Cybersecurity issues compromising data integrity, confidentiality and system availability, which may lead to adverse impacts on reputation, financial conditions, and operational performance **Associated ESG Issue:** Cybersecurity and Information Security	◆	• Establish comprehensive information security protection with well-defined policies and security controls such as authorization and authentication mechanisms, firewalls with advanced threat controls, network immune system, proper access controls • Provide periodic training and conduct phishing drill exercises to promote cybersecurity awareness • Purchase cybersecurity insurance to cover losses arising from cyber incidents or data loss events • Engage information security specialists to assess cybersecurity vulnerabilities and controls • Ensure compliance with regulations and standards. Regularly update security protocols to maintain high standards and address emerging threats
Project Management Risk The risk of improper planning, execution, monitoring or control of a major project, impacting the Group's achievement of strategic goals and financial performance	◆	• Conduct comprehensive project planning, risk assessments, and resource allocation to support effective project delivery • Monitor project progress, costs, quality, safety, and operational performance through regular meetings, site inspections, and management reviews • Implement early warning, change management, reporting, and escalation mechanisms to promptly address project issues, delays, and cost overruns • Strengthen project management capabilities through staff training, talent development, retention initiatives, and adequate manpower planning • Enhance supply chain and subcontractor management through supplier diversification, performance evaluations, strategic backup arrangements, and timely payment practices

▲ Risk Level increased during FY2026 ▼ Risk Level decreased during FY2026 ◆ Risk Level remained
ESG ESG-related Risk

Risk Description	Risk Trend	Response Measures
Quality, Health and Safety Risk Sub-standard or unsafe product, service or business activities impacting the achievement of the Group's quality, health and safety goals **Associated ESG Issue:** Responsible Product and Services, Health and Safety	▼	• Implement quality assurance programme and review performance data to ensure consistent performance and service quality • Develop procedures and guidelines to set standards for quality, health and safety and deliver regular training to employees to enhance their safety awareness and service performance • Arrange customer satisfaction surveys to collect voice of the customers • Perform evaluation of each accident or complaint to identify improvement areas and take follow-up actions • Establish designated committee to enhance the governance on complaint handling • Establish comprehensive safety management system and conduct regular safety inspection and audit • Utilize advanced technologies to improve quality, health, and safety standards
Talent Attraction and Retention Risk Failure to attract and/or retain qualified staff to support operations impacting the achievement of business objectives **Associated ESG Issue:** Talent Attraction, Retention and Development	◆	• Review the existing remuneration packages and compare with industry benchmark periodically • Provide development and training programmes to improve staff's competency and promote career progression • Foster the caring culture by offering a variety of wellness programmes, employee engagement activities and channels to enhance cohesion between the Group and its employees, and to obtain voice of employees and address their needs • Expand the channels for reaching talent and promote the Group's employer branding to increase the competitiveness in the talent market • Leverage automation and robotic technologies to mitigate ageing workforce issues, while cultivating an innovation-driven culture to attract and retain next generation talent

▲ Risk Level increased during FY2026 ▼ Risk Level decreased during FY2026 ◆ Risk Level remained
ESG-related Risk

Risk Description	Risk Trend	Response Measures
Credit/Default Risk Default or any other failure to fulfil their current or future obligation by an obligor (e.g. debtor, client, tenant) with which the company conducts business	◆	• Perform comprehensive credit assessments and background checks on clients, subcontractors, and suppliers before engagement • Impose limits or require deposit or retention money from counterparties and maintain a diversified client portfolio to mitigate risk • Continuously monitor receivables and generate regular reports to flag overdue balances for recovery actions • Implement robust debt collection procedures and use technology to automate alerts and reminders for overdue payments • Ensure compliance with credit control procedures and maintain regular communication with clients
Climate Risk The risk of adverse impacts arising from climate change, including physical risks from natural disasters and extreme weather events, and transition risks associated with the shift to a low-carbon economy **Associated ESG Issue:** Climate Change	◆	• Conduct climate scenario analysis to evaluate the financial impact of climate-related risk to provide insight for prioritization and formulation of climate adaptation strategies Physical Risk • Establish necessary procedures including business continuity and recovery plans to respond to various natural disasters supported by regular drill exercises and training • Leverage on technology to strengthen inspection and perform enhancement work on physical assets and facilities that are vulnerable to natural disaster and extreme weather • Implement safety measures for heat stress and reduce outdoor work by advanced building methods • Assess and ensure adequate insurance coverage to minimize potential financial loss Transition Risk • Closely monitor and track climate-related regulatory and disclosure developments • Integrate responsible investment requirements into the investment policy, including sectors exclusions and ESG due diligence with climate-related risk considerations • Periodically review and update climate transition plans and implementation roadmaps • Implement energy management and carbon monitoring initiatives, and explore and adopt cost-efficient low-carbon technologies, products and materials

For further details of mitigation measures regarding ESG and climate-related matters, please refer to the Corporate Governance Report of this annual report and our separate FY2026 ESG Report.

▲ Risk Level increased during FY2026 ▼ Risk Level decreased during FY2026 ◆ Risk Level remained
ESG-related Risk

RISK ANALYSIS BY BUSINESS

Financial Services

Macroeconomics, Competition and Investment Risks

The global economy continues to face a challenging operating environment characterized by heightened geopolitical tensions, persistent trade and tariff uncertainties, evolving monetary policies and increasing market volatility. In addition, ongoing regulatory developments and supervisory requirements may influence short-term customer sentiment and demand. Against this backdrop, financial markets may continue to experience periods of volatility and uncertainty. Nevertheless, CTF Life maintains a disciplined asset and liability management ("ALM") framework and prudent investment strategy to manage balance sheet risks. CTF Life establishes investment risk framework within which the investment activities are carried out. This includes policies and procedures, regular monitoring process, and defined risk metrics, e.g. limits on counterparty/geography/industry sector/market risk sensitivities/ liquidity exposures. Financial risks, including investment risks, counterparty risk and liquidity risk, are covered in the enterprise risk management framework for identification, assessment, management and reporting process. The Board and respective committees, such as Risk Committee, Investment Committee, provide oversight over investment activities and delegate the appropriate level of authority to the management and Investment function for daily investment activities. Under the Hong Kong Risk-Based Capital regime, CTF Life's solvency position remains resilient under a range of stress scenarios, reflecting the strength of its capital position, ALM capabilities and risk management practices. Despite near-term uncertainties, the long-term fundamentals of the insurance industry and the Group's strategic positioning remain supportive of sustainable growth.

During the year, competition within the life insurance sector remained intense, driven by product innovation, pricing dynamics, intermediary incentives, digital capabilities and customer acquisition efforts across Agency, Partnership and Premier Business channels. The market has also experienced increased competition for high-net-worth and cross-border customer segments. In response, CTF Life has continued to closely monitor market developments and customer preferences to refine its business strategies, product proposition and distribution capabilities. The Company has further strengthened its digital sales and service platforms, streamlined customer journeys and enhanced operational efficiency to support intermediaries and improve customer experience.

Looking ahead, CTF Life will continue to adapt its strategies to evolving market conditions while balancing growth objectives with prudent risk management. In light of the increasingly competitive environment, the Company is actively evaluating and implementing initiatives to enhance its competitiveness, including strengthening customer value propositions, expanding product capabilities, leveraging healthcare and ecosystem partnerships, improving digital engagement, and broadening its regional business opportunities through its Bermuda platform.

CTF Life will also continue to closely monitor regulatory and macroeconomic developments, including changes impacting customer movements and demand, and will adjust its business strategies as appropriate to support sustainable long-term growth and profitability.

Roads

Macroeconomics, Government Policy and Geopolitical Risks

Numerous factors may affect the traffic flow of toll roads, including domestic consumption levels, export activity, and the development of nearby infrastructure and related transportation needs. Escalating geopolitical uncertainties, such as global trade tensions and geopolitical tensions in the Middle East, also adversely affect international trade and exert upward pressure on commodity prices, such as diesel and petrol, thereby impacting logistics activities. Consequently, the economic environment in the Chinese Mainland remains to be challenging, contributing to uncertainties in traffic patterns and toll revenue.

To evaluate potential impacts of the economic and geopolitical uncertainties, management closely monitors changes in government policies and requirements, as well as relevant business and economic indicators, and performs ongoing analyses of financial performance to assess potential implications arising from such developments. Management also keeps track of the development progress of nearby infrastructure projects, industrial and manufacturing areas and tourist attractions to identify collaboration opportunities that can enhance traffic flow to our projects. Besides, management has implemented cost-saving measures and adopted prudent capital expenditure management to mitigate the impact of economic fluctuations. Currently, our roads portfolio strategically comprises toll roads with diverse traffic characteristics and economic drivers across prime locations in the Chinese Mainland. This diversified geographical positioning and traffic mix strengthen the resilience of our business and help mitigate the effects of changing market conditions on toll revenue performance.

Toll road operations are influenced by various government policies. In addition to the existing policies such as toll exemption for trucks transporting fresh and live agricultural products, the government authorities may implement new policies in order to provide support to the market and economy. Any similar policy in the future may affect toll revenue and limit project return. We have maintained close communication with relevant government authorities regarding their latest actions on the development and implementation of relevant policies. In the past, we have successfully engaged with relevant government authorities to secure compensation or financial support in relation to major policies impacting toll revenue such as the toll fee exemption during COVID-19 and the toll discount for small passenger cars from other provinces to Guangxi during weekends from May to December 2025.

While managing policy-related risks remains essential, we have simultaneously positioned ourselves to capitalize on emerging government initiatives. In support of recent nation-wide upgrade of toll road industry's digital infrastructure and equipment, we have maintained close collaboration with the government authorities on system upgrades designed to enhance road safety, optimize traffic flow, and improve the overall driving experience for road users while strengthening our operational efficiency. Additionally, we successfully secured financial incentives from the government which partially offset our required capital expenditure on these infrastructure investments. Through our proactive engagement with the government authorities, we continue to demonstrate our commitment to safeguard stakeholders' interests while strengthening our operational capabilities and service standards.

Logistics

Macroeconomics and Competition Risks

The logistics industry continues to operate in a challenging and highly competitive environment shaped by macroeconomic uncertainty, geopolitical developments and evolving global trade patterns. While China's economy continues to benefit from supportive government policies and growing domestic consumption, the pace of recovery remains uneven across sectors and regions. External uncertainties, including geopolitical tensions, trade policy changes and supply chain realignment, may continue to influence warehouse demand, cross-border e-commerce activities and logistics investment decisions. Intensified competition within the logistics property market may also exert pressure on occupancy levels, rental rates and customer retention.

In response to these challenges, the Group continues to closely monitor market developments, customer demand trends and emerging opportunities across the logistics sector. Our business is actively strengthening engagement with third-party logistics providers, e-commerce operators and other growth sectors to optimize its tenant mix, enhance occupancy levels and diversify its customer base. The Group also seeks to deepen collaboration with existing customers and leverage its business network to attract related upstream and downstream supply chain participants, thereby creating a more integrated logistics ecosystem within its portfolio.

Amid ongoing economic uncertainties, the Group remains focused on tenant retention, occupancy stability and long-term asset competitiveness. Tailored customer solutions and value-added services are provided to address evolving tenant requirements. At the same time, the Group continues to invest prudently in facility enhancement, operational efficiency and service quality to differentiate our assets from competitors and strengthen customer loyalty.

While near-term competition remains intense, logistics markets showed signs of stabilization during FY2026. The Group remains confident in the long-term outlook of the logistics industry. Leveraging the strong "CTF Logistics" brand and the Group's operational expertise, we will further improve the competitiveness of our logistics portfolio and strengthen relationships with customers. The continued expansion of e-commerce, resilient domestic manufacturing activities, particularly in the automotive and advanced manufacturing sectors, and the development of modern supply chain infrastructure are expected to support demand for quality logistics facilities.

The Group will continue to pursue sustainable growth through disciplined investment and acquisition opportunities that align with its strategic objectives, while maintaining prudent financial management, strong operational resilience and a balanced risk profile.

Construction

Macroeconomics, Work Safety and Project Management Risks

While the construction industry's long-term outlook remains supported by the Northern Metropolis development, it has experienced margin compression and extended cash flow cycles in recent years amid cautious market sentiment, intense competition and persistent materials and labour cost pressures. To address these challenges, Hip Hing Construction Group remains focused on portfolio diversification by pursuing opportunities in resilient sectors, such as public works, and strategic joint ventures with local and Chinese Mainland partners possessing specialized project experience or technical qualifications to broaden market access, strengthen project capacity and optimize resource deployment. We also enhance our competitiveness through adoption of advanced construction technologies and innovative building methods to improve operational efficiency, while locking in material prices early through fixed contracts to mitigate price volatility, support cash flow management and protect operating margins.

Given the inherently hazardous nature of construction activities, safety remains Hip Hing Construction Group's highest priority across all aspects of our operations. We recognize that safety is fundamental to stakeholder trust, operational excellence and the sustainable growth of our business. To prevent incidents and enhance safety performance, we have adopted a comprehensive safety management framework focused on culture, planning, technology and governance:

- **Safety First Culture:** Foster an inclusive safety culture that prioritizes worker safety, reinforces management supervision, standardizes safety systems and rewards hazard reporting. Recognizing that industry-wide collaboration is critical to advancing safety standards, we actively organize safety forums and participate in industry events to promote safety awareness and best practices.
- **Safety by Design:** Embed safety considerations at the early stages of project planning and design through comprehensive safety risk assessments to support formulation of effective safety control measures and emergency response plans.
- **Smart Safety Technologies:** Leverage technology to enhance safety management and working environment, such as AI-IoT-enabled Smart Site Safety Systems ("4S") to enable proactive detection of unsafe conditions, digital permit-to-work systems to strengthen accountability and compliance with safety requirements, and advanced construction technologies and robotics to reduce workers' exposure to high-risk activities, such as the self-developed Distant Tower Crane Command System.
- **Rigorous Training & Oversight:** Conduct mandatory and interactive safety training (e.g. 7-hour Safety Culture and Safety Behaviours Training) for employees and subcontractor representatives, supported by strengthened site supervision and independent safety audits.

The successful delivery of construction projects requires effective coordination of resources, schedules and stakeholders. However, complex project specifications, site constraints, changing working conditions and unforeseen scope variations may lead to project delays and cost overruns. To manage these risks, Hip Hing Construction Group maintains comprehensive project controls throughout the project lifecycle, supported by early alignment of project requirements, upfront identification of project constraints, rigorous project and resource planning, and disciplined change management processes. Routine site inspections, multi-party progress meetings and early warning indicators are used to monitor project schedule and cost variations, and facilitate timely corrective actions. Project evaluations are conducted during execution and upon completion to analyze the root causes of delays and cost overruns, supporting continuous operational improvement. Through disciplined project governance and execution, we strive for consistent and reliable project delivery while safeguarding our operational efficiency and corporate reputation.

Facilities Management

Strategy and Climate Risks

Hong Kong has witnessed accelerated market transformation driven by policy developments, technological advancement, shifting market dynamics and global supply chain realignment, while the heightened geopolitical tensions in recent years have also introduced additional complexities to international cooperation and trade activities. As these dynamic forces continue to reshape our business environment, understanding and adapting to these changes remains crucial to HKCEC's strategic positioning, as they will fundamentally transform our client portfolio and service expectations, potentially impacting our competitive edge and revenue streams.

To navigate these evolving market conditions and seize emerging opportunities, HML has adopted a comprehensive approach to adapt to these transformations. We maintain vigilant monitoring of policy developments, market conditions and competitor activities to anticipate shifts and refine our strategic positioning. We remain committed to fostering innovation and enhancing value-added services to maintain our competitive edge in an increasingly competitive landscape.

In pursuit of sustainable growth, HML continues to strengthen its portfolio of established events while proactively exploring new business opportunities. HML is also aligning its business development efforts to support Hong Kong's strategic development priorities and actively attracting event organizers in high-growth sectors, including healthcare and medical services, innovation and technology, fintech, and education. Additionally, HML is strengthening its resilience to market volatility by expanding its market reach to emerging regions, such as the Middle East and Southeast Asia. In 2026, HML secured the Asian debut of LEAP East, Saudi Arabia's premier technology conference brand, at HKCEC, marking the conference's first flagship event held outside the Middle East. This event reflects HML's proactive efforts to address the needs of these emerging markets, and validates its strategic move to introduce Muslim-friendly facilities and services, which support HKCEC to be the first MICE (Meetings, Incentives, Conventions and Exhibitions) venue in Hong Kong to receive CrescentRating's Gold-standard Muslim-Friendly Certification. These strategic focuses position us to capitalize on growth opportunities across emerging industries and markets while diversifying our revenue base.

Climate change remains a long-term challenge for our venue operations. Rising temperatures are expected to increase energy demand and operations costs. More importantly, more frequent and severe extreme weather events may disrupt scheduled events, damage property and compromise the safety of our exhibitors, visitors and staff.

To mitigate these climate-related risks and ensure operational resilience, HML has invested in energy-efficient facilities, such as rooftop solar panels and smart air conditioning systems, as well as infrastructure improvement such as waterproofing systems and flood protection measures, supported by regular preventative maintenance programmes. HML has also established an emergency management team led by senior management to enable swift decision-making and coordination during emergency conditions. Detailed contingency plans have been developed for various weather scenarios, with regular staff training on emergency procedures. We also maintain consistent and transparent communication channels with stakeholders regarding weather-related developments to ensure timely response, protect safety and safeguard operations.

For further analysis by business, please refer to Management Discussion and Analysis section of this annual report.

Environmental, Social and Governance Report Highlights

MESSAGE FROM THE CHAIRMAN OF THE ESG MANAGEMENT TASK FORCE

Dear Stakeholders,

The business landscape continues to evolve at an unprecedented pace. Climate-related challenges, technological advancements, regulatory changes, shifting stakeholder expectations and changes in the global economy are reshaping how organizations operate, compete and create value. In this environment, sustainability is no longer a standalone agenda. It has become an integral part of how businesses build resilience, capture opportunities and position themselves for long-term success.

NAVIGATING CHANGE WITH PURPOSE

At CTFS, we recognize that creating sustainable value requires more than managing risks. It requires us to anticipate change, embrace new ways of thinking and make informed decisions that create positive outcomes for our stakeholders, communities and future generations. Over the past year, we have continued to deepen our understanding of the environmental and social issues most relevant to our business while further integrating ESG considerations into the way we govern, invest and operate. This enables us not only to respond to emerging challenges, but also to identify opportunities that support sustainable growth and long-term competitiveness.

EMBEDDING SUSTAINABILITY INTO OUR BUSINESS OPERATIONS

One of the clearest examples of this progress is our sustainable investment agenda. The deployment of remotely controlled tower cranes across construction projects, together with the growing use of on-site generated renewable energy at our warehouses, demonstrates how innovation and sustainability can work together to deliver tangible environmental, social and operational benefits.

During the year, we launched our Sustainability-Linked Finance Framework, providing a structured approach to aligning financing activities with our sustainability ambitions. As at 30 June 2026, green and sustainability-linked financing accounted for 45% of the Group's total debt portfolio.

We also continued to deploy capital in support of the low-carbon transition through strategic investments, including a battery energy storage system project in Finland that enhances renewable energy transition and supports grid reliability. Across our investment portfolio, the integration of ESG considerations contributed to a 12% reduction in the carbon footprint of CTF Life's investment portfolio compared with the FY2023 science-based target baseline year.

Together, these achievements demonstrate how sustainability is increasingly shaping both how we finance our business and how we invest for the future.

TURNING INNOVATION INTO OPPORTUNITY

Beyond managing risks, we are equally focused on capturing opportunities arising from technological advancement and the transition to a more sustainable economy. Across the Group, we are leveraging data, digital technologies and emerging tools, including artificial intelligence, to enhance operational efficiency and safety, strengthen decision-making and identify new sources of value creation. Whether through data-driven decarbonization planning, intelligent infrastructure monitoring or digital solutions that strengthen climate resilience, technology is enabling us to anticipate change, respond more effectively to evolving challenges and unlock opportunities for sustainable growth.

EMPOWERING OUR PEOPLE TO DRIVE IMPACT

Progress is only possible through the collective efforts of our people. Through leadership engagement, ESG capability-building initiatives and the Imp[ACT] Fund, we continue to foster a culture of collaboration, continuous learning and innovation. We believe meaningful and lasting impact is achieved when individuals across the organization are empowered to transform ambition into action and ideas into tangible results.

BUILDING FOR THE FUTURE

Achieving our first AAA rating in the Hang Seng Corporate Sustainability Index marks an important milestone in our sustainability journey. This recognition reflects the growing maturity of our ESG approach and the progress we have made in integrating sustainability considerations across our business.

It also reinforces our commitment to strengthening governance, embedding sustainability into business decision-making and delivering measurable outcomes. More importantly, our focus remains on translating sustainability ambitions into meaningful action that enhances business resilience, builds stakeholder trust, and supports long-term value creation.

As we look ahead, we remain committed to strengthening our resilience, embracing innovation and creating shared value for our stakeholders. Guided by our *Breakthrough 2050* vision, we will continue to turn insights into actions, innovations into outcomes and challenges into opportunities. By embedding sustainability into the decisions we make today, we are building a stronger, more future-ready organization while contributing positively to the communities and environments in which we operate.

Mr Jim Lam
Executive Director and Group Chief Operating and Financial Officer and
Chairman of the Environmental, Social, and Governance Management Task Force

Our sustainability performance is presented in detail in a separate ESG report, which is available on our website. This report is prepared in accordance with the ESG Reporting Code ("ESG Code") set out in Appendix C2 of the Listing Rules. It was prepared based on reporting principles of materiality, quantitative, consistency and balance as set out in the ESG Code.

The full ESG Report is available here:

The report also references the GRI Standards 2021 and HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures, issued by the HKICPA. HKFRS S1 and S2 are fully aligned with IFRS S1 and S2 issued by the International Sustainability Standards Boards ("ISSB").

In preparing the climate-related disclosures in this report, CTFS has applied the relevant requirements of HKFRS S1 and HKFRS S2 to fulfil the climate-related disclosure requirements under Part D of the ESG Code.

PwC was engaged to conduct a limited assurance engagement on certain identified consolidated sustainability information in accordance with International Standard on Assurance Engagements ("ISAE") 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

Separately, the Hong Kong Quality Assurance Agency ("HKQAA") conducted an independent verification of the Scope 3 greenhouse gas emissions inventory. This verification provides limited assurance on the data consolidated based on financial influence over indirect emissions, in accordance with the Greenhouse Gas Protocol — Corporate Value Chain (Scope 3) Accounting and Reporting Standard and ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

The report and opinion of independent practitioners' limited assurance are available in the ESG Report.

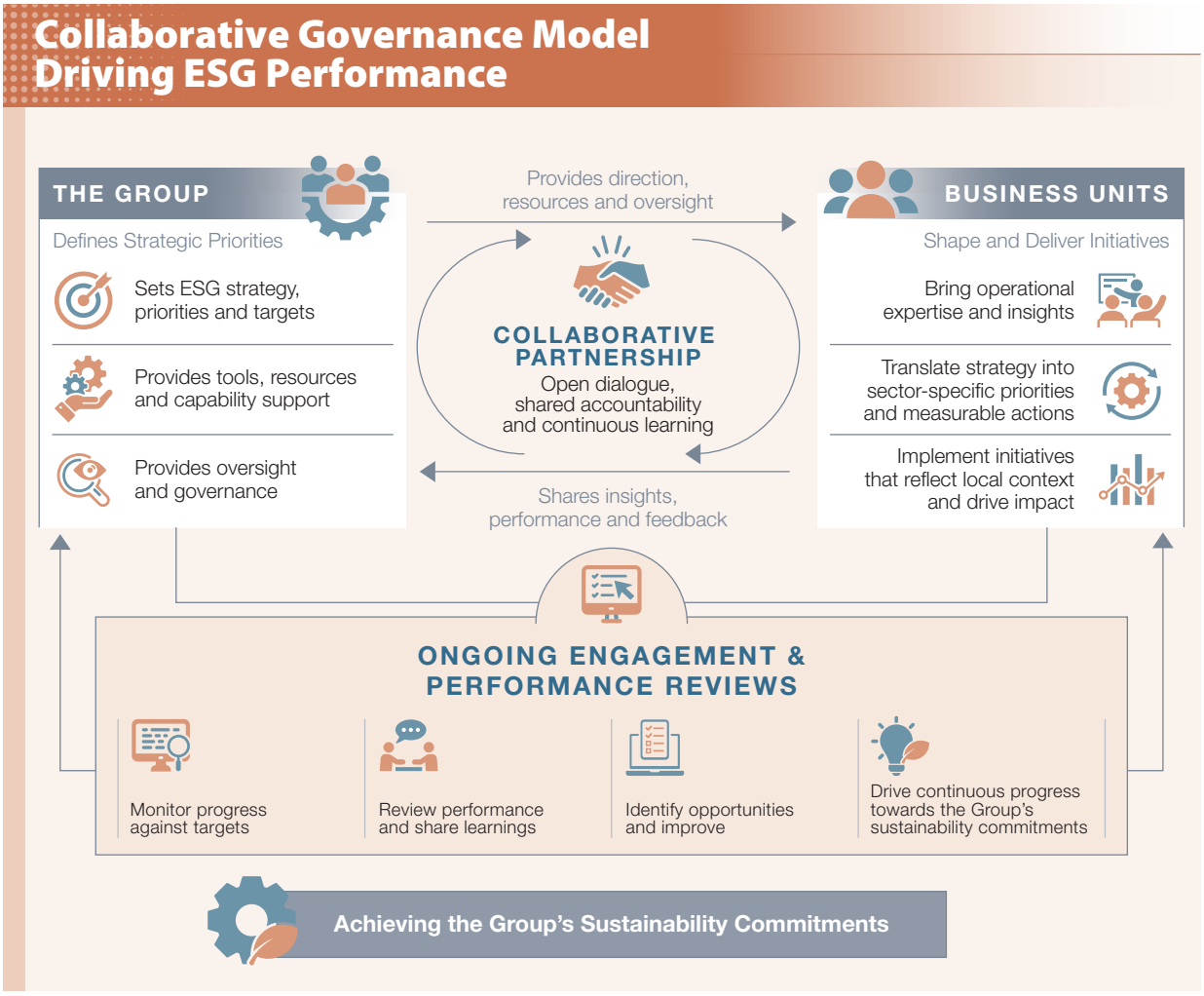
Share Your Thoughts

We value your feedback on the material issues discussed and our ESG strategy, as this plays a vital role in helping us enhance our reporting and ESG practices. We welcome your suggestions and comments. Please feel free to share them with us at esg@ctfs.com.hk.

In case of any discrepancies or inconsistencies between the English and Chinese versions of this report, the English version shall prevail.

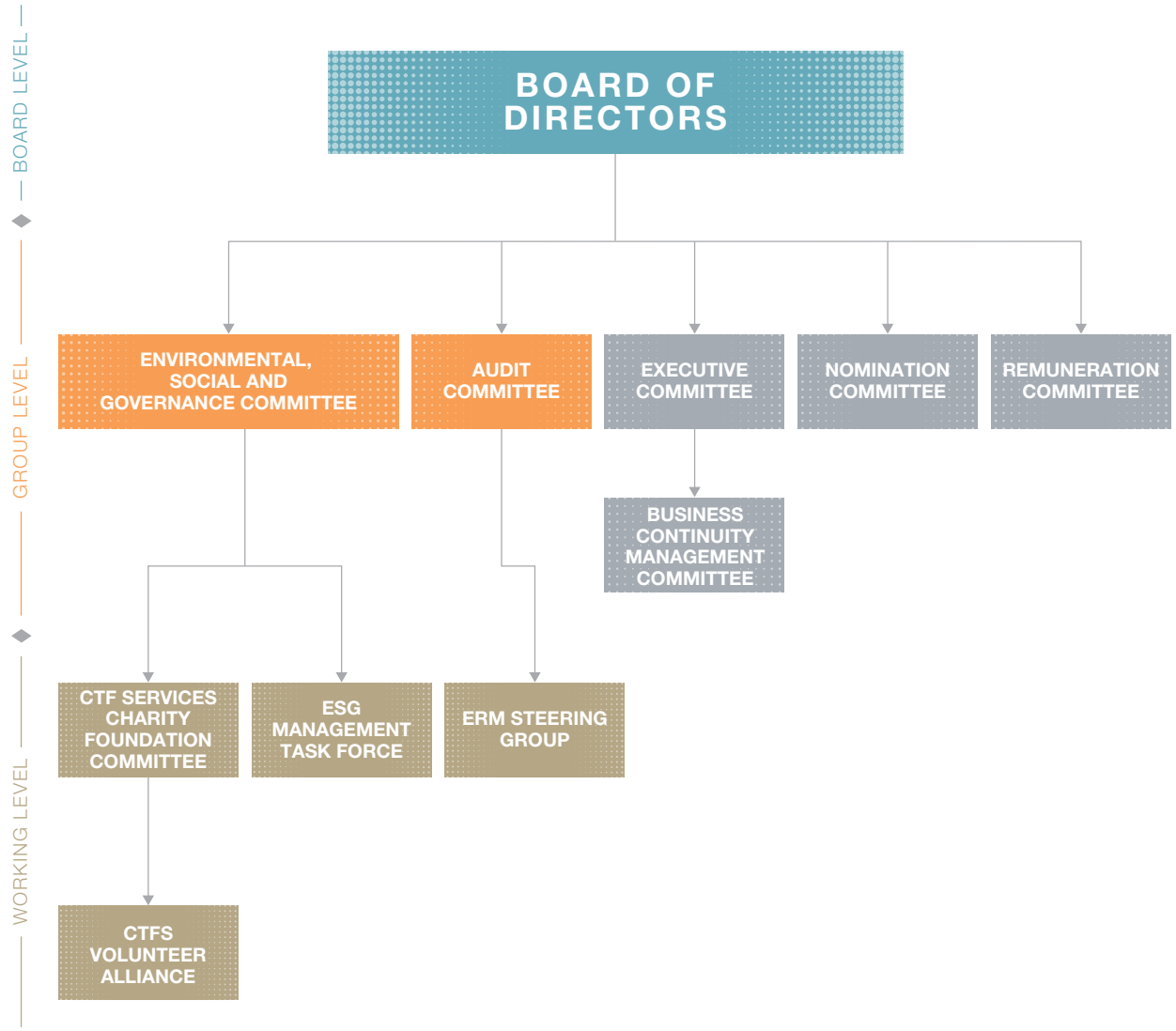
BREAKTHROUGH 2050

Breakthrough 2050 is CTFS's overarching sustainability framework, which guides the Group's long-term commitments around five core values. It operates as a collaborative governance model whereby the Group and business units jointly drive ESG performance. The Group defines strategic priorities and provides oversight and equips business units with the necessary tools and resources, while business units actively shape and deliver initiatives that reflect sector-specific priorities and measurable actions within their operational context. Through ongoing engagement and performance reviews, both levels work together to monitor progress and advance the Group's sustainability commitments.



ESG GOVERNANCE

ESG and climate-related considerations are embedded across CTFS's governance framework, with clear oversight and accountability spanning the Board, Board Committees and management. The Board holds overall responsibility for overseeing the Group's sustainability strategy and ESG performance, supported by the ESG Committee and Audit Committee, while the ESG Management Task Force drives implementation across the Group.



OUR ESG STRATEGY AND PROGRESS

Our Sustainability Vision

CTFS's sustainability vision is to support our portfolio companies, value chains, and communities in the transition to a low-carbon, resilient economy. *Breakthrough 2050* translates this vision into action through five core values, each supported by defined targets and clear accountability at both Group and business unit levels.

Breakthrough 2050: Five Core Values and Targets

The five core values of *Breakthrough 2050* reflect the material ESG issues identified through our stakeholder engagement and materiality assessment processes. Each value is linked to specific targets tracked annually at both the Group and segment levels.

Five Core Values	Our Targets	FY2026 Progress
Act with Integrity Acting with integrity is our most important and inherent core value. It ensures fairness and a high level of ethical standards in our work. Integrity supports the growth of our business and helps nurture our long-term relationships.	**Business Ethics and Anti-corruption** • Maintain zero convicted cases of corruption	**Zero convicted cases** of corruption ☑ on track
Advance with Agility Being resilient and agile is ingrained in our culture. In this ever-changing world, we stay ready to turn challenges into opportunities to maintain our lead in the market.	**Sustainable Finance and Investment** • 50% of bond and loan facilities from green financing by 2030	**45%** of bond and loan facilities were sourced through green financing (as at 30 June 2026) ☑ on track
Evolve Sustainably Building a more sustainable future for our next generation, communities, and businesses. We do this by incorporating new practices and innovations into the way we work every day.	**Climate Change** • Reduce 50% GHG emissions by 2035 relative to 2023 levels and achieve net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways by 2050	Achieved a **17% reduction of Scope 1 and 2 GHG emissions** compared to FY2023 ☑ on track
Grow as One Empowering every team member is to excel at CTFS. We grow and share success as one.	**Talent Attraction and Retention** • Rethink upskilling, embrace flexibility and deliver on purpose-driven work to build trust	Refer to the **"Grow as One"** section in ESG Report for FY2026 performance highlights and progress
Create Shared Value Aspiring to tie our business success with social progress. Our goal is to create long-term value, not only for our shareholders but all stakeholders in the communities we serve.	**Community Investment** • Support 40 scalable and self-sustaining community projects and solutions, both internally and externally between 2024–2030	**Supported 7 community projects in FY2026**[1]; 22 projects have been supported to date ☑ on track

[1] The seven projects supported in FY2026 included three projects from the Imp[ACT] Fund and four community projects. For more details, please refer to the sections "Integrating ESG Practices into Every Aspect of Our Business through Innovation" and "Communities" in our FY2026 ESG Report.

From Strategy to Implementation

CTFS operates across diverse sectors and regulatory environments. Rather than adopting a one-size-fits-all approach, the Group works closely with business units to translate *Breakthrough 2050* into sector-specific priorities, targets and actions. In FY2026, we continued to strengthen ESG integration across governance, strategy, risk management, metrics and targets, and capability building. Further details on these initiatives and their implementation are provided in our FY2026 ESG Report.

Key FY2026 Initiatives and Further Information

	Key FY2026 Initiatives	Read More in FY2026 ESG Report
Governance	Materiality Assessment and Stakeholder Engagement	Materiality Assessment and Stakeholder Engagement
	GHG Scope 3 Data Enhancement	CTFS's Net Zero 2050 Ambition
Strategy	Sustainability-related Impacts, Risks, and Opportunities ("SIROs") Management	Sustainability-related Impacts, Risks, and Opportunities ("SIROs") Discussions
Risk Management	Climate Scenario Analysis and ERM Integration	• Climate Scenario Analysis • Climate Risk Management
	Nature-Related Risk and Opportunity Assessment	Nature-Related Risks: TNFD LEAP Assessment
Metrics and Targets	Construction Project Decarbonization Planning Tool	CTFS's Net Zero 2050 Ambition
Capacity Building	Imp[ACT] Fund 2026	Integrating ESG Practices into Every Aspect of Our Business through Innovation
	Imp[ACT] Leader — Leadership Workshop	Investing in Our People

ACT WITH INTEGRITY

Business ethics and sound governance underpin CTFS's ability to operate responsibly, manage risk and maintain stakeholder trust. Through our Ethics and Governance Risk Management Framework, we integrate governance oversight, policies, risk assessment, internal controls, training, whistleblowing and ongoing monitoring, with particular focus on areas relevant to our businesses, including anti-bribery, contractual integrity, conflicts of interest, customer protection and data privacy.

Key Updates from FY2026

Zero reported instances of specified misconduct through Group reporting channels

Group-wide fraud & misconduct risk assessment introduced

Two trainings on the Anti-Fraud and Counter-Corruption Policy and Whistleblowing Policy

New Incident Response Policy and Incident Response Checklist enacted

Our first AAA rating in the Hang Seng Corporate Sustainability Index, and obtained an **AA ESG Rating** from MSCI[2]





ADVANCE WITH AGILITY

Rapid technological, economic and sustainability-related changes are reshaping how businesses operate, invest and create value. CTFS responds by strengthening sustainable finance and investment while embracing innovation and digitalization, integrating ESG considerations into financing, investment and capital allocation decisions and leveraging technology to enhance efficiency, resilience and long-term competitiveness.

Key Updates from FY2026

New Sustainability-Linked Finance Framework, aligned with the Sustainability-Linked Loan Principles 2025

HK$20.2 billion Sustainability-Linked Loans & Green Debt Financing, representing 45% of the Group's total debt portfolio as at 30 June 2026

Scaled Imp[ACT] Fund supported innovative projects beyond pilot implementation

[2] The use by CTF Services Limited of any MSCI Solutions LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of CTF Services Limited by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

ESG in Action

Powering Energy Transition

CTFS made its first investment in the European energy storage market through a 30 MW/65.2 MWh BESS project in Finland, holding a 75% interest. Scheduled to commence operations in Q1 2027, the project will support renewable energy integration and grid stability. The investment reflects CTFS's strategy to deploy capital towards future-ready, low-carbon infrastructure, combining long-term investment opportunities with support for energy transition.

Project Snapshot

Capacity:	CTFS interest:	Location:	Scheduled operation:
30MW/65.2MWh	75%	Finland	Q1 2027

EVOLVE SUSTAINABLY

CTFS integrates climate and environmental considerations into business strategy, operations and decision-making to strengthen resilience and support the transition to a low-carbon economy. Guided by *Breakthrough 2050*, our approach combines climate risk management, decarbonization and adaptation with greater energy efficiency, renewable energy adoption, responsible resource management, circularity and consideration of nature and biodiversity impacts.

Key Updates from FY2026

Implemented a Scope 3 Data Quality Assessment Process

Assessed the GHG emissions profile of Hip Hing and HML to highlight the emission hotspots

Completed Climate Scenario Analysis across our 4 business segments

Initiated nature-related assessment guided by recommendations of the TNFD

17% ↓ GHG emissions vs FY2023

Expanded on-site renewable energy generation to Logistics operations

13 GWh Green Electricity Certificates procured, expected to enable >4,400 tCO_2e of emission reductions

From Ambition to Integration

CTFS's decarbonization journey builds on ongoing efforts to reduce emissions across the Group, with our net-zero commitment providing greater focus and accountability. Following SBTi validation, we have continued to strengthen governance and embed climate objectives into business operations, decision-making and performance management.

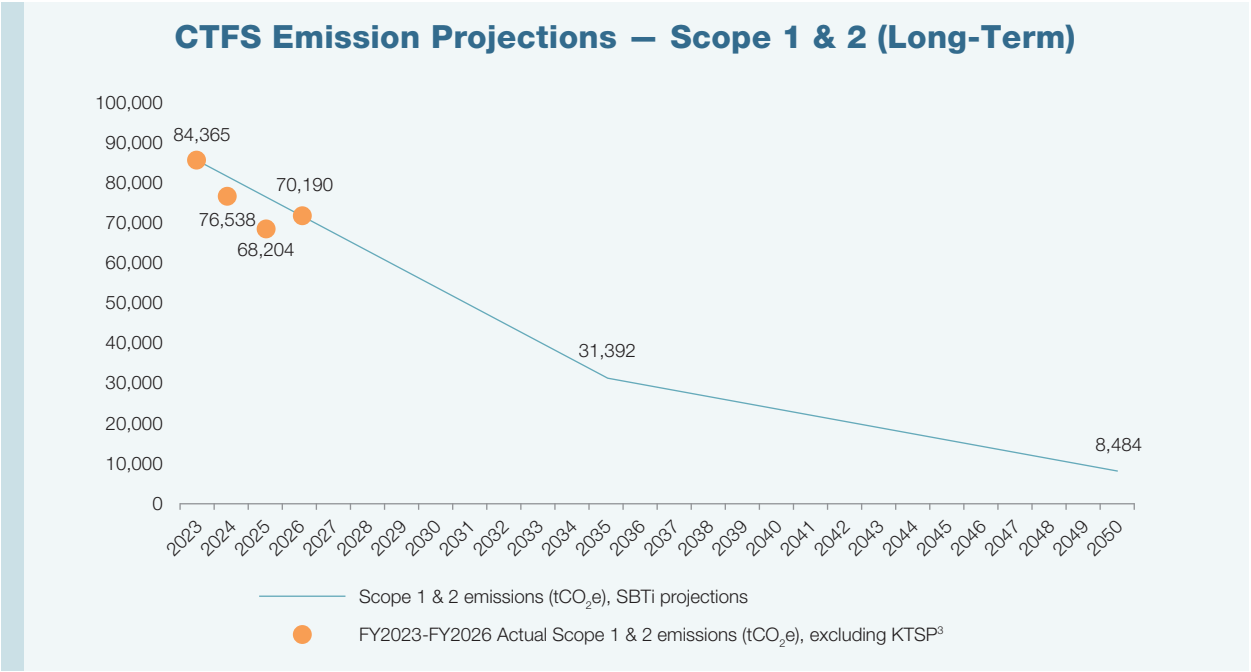
Performance against Targets

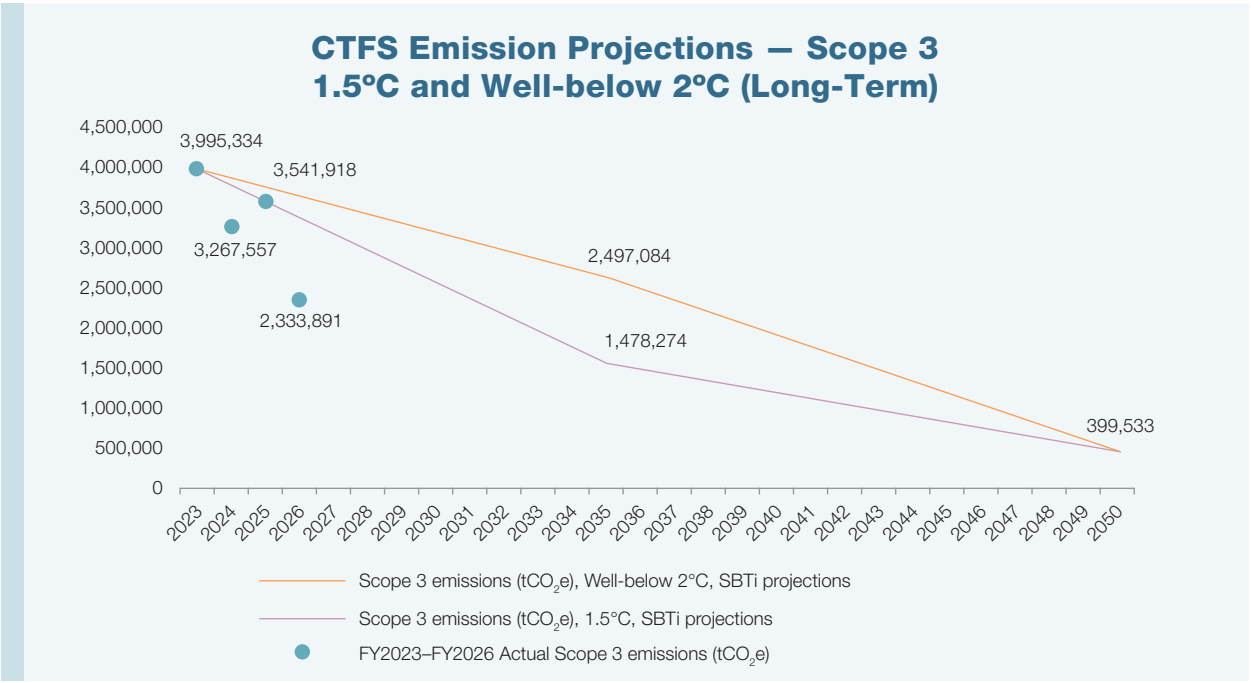
Business Units	Metrics	FY2023 Baseline	FY2026 Actual	Target	Progress against Target
CTF Life	Scope 1 & 2 GHG emissions (tCO_2e)	435	318	37.8% reduction by FY2029	Achieved 26.9% reduction
	Electricity generation sector portfolio GHG emissions (tCO_2e/MWh)	0.2674	0.1508	59% reduction by FY2029	Achieved 43.6% reduction
	% of invested value in its listed equity and corporate bond portfolio allocated to companies that set SBTi-validated targets	14.7	34.4	At least 44.8% by FY2029	Achieved 34.4%
Hip Hing	Scope 1 & 2 GHG emissions (tCO_2e)	39,356	29,962	58.8% reduction by FY2034	Achieved 23.9% reduction
	Scope 3 GHG emissions from purchased goods and services (tCO_2e)	956,235	946,866	35% reduction by FY2034	Decreased 1.0%

Scope 2 GHG emissions presented in this table are calculated using the market-based method, which accounts for the environmental attributes associated with purchased Green Electricity Certificates ("GECs").

Group Decarbonization Trajectory

The chart below compares the Group's actual Scope 1 and 2 (market-based) and Scope 3 emissions performance with the FY2025 modelled SBTi pathway, providing a transparent view of progress and any variance from the Group's long-term decarbonization trajectory.





[3] Scope 1 and 2 emissions data exclude Kai Tak Sports Park ("KTSP") in FY2024 and FY2025. Following the completion of the KTSP project and its transition to operations in FY2025, the project no longer contributes to the Scope 1 and 2 emissions data from FY2026 onwards.

The preliminary emissions-reduction pathway for Group-level Scope 1, 2, and 3 emissions was developed using estimated FY2023 and FY2024 GHG emissions inventories and the SBTi target-setting tool for near-term and long-term targets. Based on CTFS's FY2023 baseline year and the near-term FY2035 target, to align with our net-zero trajectory the Group should aim to achieve an average annual reduction in Scope 1 and 2 emissions of 5% from 2023 to 2035, followed by a 2% annual reduction thereafter once the near-term target is achieved.

Decarbonization Strategies for Achieving Net Zero

Guided by our Environmental, Social and Governance Policy, CTFS integrates environmental and social considerations into the delivery of our products and services. Recognizing that climate change presents both risks and opportunities, CTFS is committed to reducing emissions across our operations, value chain and investment portfolio through innovation, operational excellence, responsible business practices, and collaboration.

CTFS Decarbonization Strategy

Decarbonize Operation

- Electrification
- Low-carbon fuel
- Energy efficiency
- Renewable energy
- Renewable electricity procurement

Decarbonize the Value Chain

- Sustainable procurement
- Low-carbon construction materials
- Supplier engagement

Decarbonize Investments

- Responsible investment
- Investment engagement

Strengthen Climate Data & Governance

- Scope 3 data quality enhancement
- Activity-based emissions estimation
- Primary data collection
- Emission verification

ESG in Action

Transforming Tower Crane Operations through Innovation

Supported by the Imp[ACT] Fund, Hip Hing's Distant Tower Crane Command System enables tower cranes to be operated remotely from ground level, using AI, IoT sensors and advanced visual technologies to enhance safety, operational efficiency and workforce sustainability. Since its initial deployment, the system has continued to evolve and has progressed beyond an internal innovation. Working with industry and academic partners, Hip Hing contributed its experience to the development of government and industry technical guidance for remote-controlled tower cranes, supporting wider adoption of construction robotics in Hong Kong.



Project Snapshot

GROUND-LEVEL OPERATION	AI + IoT	FROM PILOT TO PRACTICE	INDUSTRY IMPACT	NEXT INNOVATION
Reducing operators' exposure to elevated working environments	Supporting real-time monitoring and safer, more precise crane operation	Successfully deployed on active construction projects	Contributed to government and industry technical standards for remote-controlled tower cranes	Developing a smart rotation hook system with remote load-positioning capabilities

GROW AS ONE

Our people are fundamental to CTFS's long-term performance and resilience. We take a people-centric approach focused on developing future-ready talent, protecting health and safety, and fostering an inclusive and engaging workplace, with priorities and management measures tailored to the workforce characteristics and operational risks of our different businesses.

Key Updates from FY2026

0.4
Lost Time Injury Rate against our target of ≤3.0

Lost Day Rate decreased to **28.7 per 100 employees** from 41.9 in FY2025

Average Training Hour increased to **13 hours per employee** from 11.7 in FY2025

Industry recognition for people and workplace excellence across the corporate office and business units

Turning ESG Ambition into Action

CTFS continued to build ESG capabilities across the Group, appointing 45 Imp[ACT] Leaders as sustainability champions and generating more than 1,230 employee participations through learning and capacity-building initiatives. The HK$1 million Imp[ACT] Fund further supported three employee-led projects, helping transform innovative ideas into practical solutions that create business, environmental and social value.

FY2026 Impact

Project Snapshot

45	1,230+	17	HK$1m	3
Imp[ACT] Leaders	**Employee participations**	**ESG training and engagement sessions**	**Imp[ACT] Fund**	**Imp[ACT] Fund projects supported**

CREATE SHARED VALUE

CTFS's long-term success is closely connected to the customers, suppliers, business partners and communities we serve. We create shared value by strengthening responsible and resilient relationships across our value chain and investing in the communities where we operate through customer-focused solutions, responsible procurement, industry collaboration and targeted community investment.

Creating Value Across Our Stakeholder Ecosystem

Stakeholder	Our Focus	FY2026 Highlights
Customers	Responding to evolving needs through products, services and customer engagement	• Sustainable and inclusive customer solutions across CTF Life and HML • Continued focus on fair customer treatment and service improvement
Suppliers	Building a responsible and resilient supply chain	Supplier Code of Conduct and Sustainable Office Guide embed ESG considerations into procurement and supplier management
Business Partners	Collaboration, innovation and industry development	Knowledge sharing and collaboration with government, industry and technology partners
Communities	Building inclusive and resilient communities	• HK$5.4 million contributed by the CTF Services Charity Foundation • 4 community projects supported in FY2026
Employees & Volunteers	Enabling our people to contribute to communities	VA25 Community Partnership Programme and CTFS Volunteer Alliance digital platform expanded participation and community engagement

Key Updates from FY2026

HK$5.4 million
community contribution by
the CTF Services Charity Foundation

CTFS Volunteer Alliance engaged 60+ volunteers to contribute **300+ service hours** and **benefit 6,000+ people** through the VA25 Community Partnership Programme

Upgraded
CTFS Volunteer Alliance digital platform

HKCEC as
Hong Kong's first
convention and exhibition venue to receive CrescentRating's highest level of certification for Muslim-friendly facilities

Highlights of our volunteering activities in FY2026













The directors of CTF Services Limited submit their report together with the audited consolidated financial statements of the Group for FY2026.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include the development of, investment in and/or operation of toll roads, financial services, logistics, construction and facilities management businesses.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position, as well as the outlook for the Group's business, are provided in the "Chairman's Statement" (pages 2 and 3) and the "Management Discussion and Analysis" (pages 8 to 31) sections. Particulars of significant events affecting the Group that have occurred since the end of FY2026, if applicable, can also be found in the aforesaid sections. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the "Risk Management Report" (pages 92 to 117). An analysis using financial key performance indicators is provided in the "Financial Highlights" section (pages 6 and 7). Description of the Group's relationships with its key stakeholders is included in the "Corporate Governance Report" (pages 42 to 91) and the "Environmental, Social and Governance Report Highlights" (pages 118 to 132) sections as well as our separate 2026 ESG Report. Furthermore, the Group's environmental policies and performance are set out in the "Environmental, Social and Governance Report Highlights" section (pages 118 to 132) and our separate 2026 ESG Report and details regarding the Group's compliance with relevant laws and regulations which have a significant impact on the Group are provided in the "Corporate Governance Report" (pages 42 to 91) and the "Environmental, Social and Governance Report Highlights" (pages 118 to 132) sections as well as our separate 2026 ESG Report.

The above discussion forms part of this report of the directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the state of affairs of the Company and of the Group as at 30 June 2026 are set out in the financial statements on pages 168 to 322.

The Board has resolved to recommend a final ordinary dividend for FY2026 (the "FY2026 Final Dividend") of HK$0.33 per share (2025: HK$0.35 per share in cash with a scrip option) in cash to the shareholders whose names appear on the register of members of the Company on 23 November 2026. Together with the interim ordinary dividend of HK$0.28 per share for FY2026 (2025: interim ordinary dividend of HK$0.30 per share and special dividend of HK$0.30 per share) paid in April 2026, total distribution of dividend by the Company for FY2026 will be HK$0.61 per share (2025: HK$0.95 per share).

Subject to the passing of the relevant resolution at the 2026 AGM, it is expected that the FY2026 Final Dividend will be paid on or about 15 December 2026.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 46 to the financial statements.

ASSOCIATED COMPANIES AND JOINT VENTURES

Particulars of the Group's principal associated companies and joint ventures are set out in notes 47 and 48 to the financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in notes 45 and 31 to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 30 June 2026, the Company's reserves available for distribution amounted to HK$12,015.5 million (2025: HK$13,783.2 million).

DONATIONS

During the year, the charitable donations made by the Group amounted to HK$11.2 million (2025: HK$0.6 million).

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 18 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 19 to the financial statements.

SHARE CAPITAL

During the year, the Company issued a total of 556,408,563 ordinary shares, the details of which are set out below:

— a total of 15,967,518 and 121,402,061 ordinary shares of the Company were issued upon conversion of the 4.0% Convertible Bonds and 2.8% Convertible Bonds issued by the Company respectively. Please refer to the "Debentures Issued and Redeemed" section of this report of the directors for further details of the 4.0% Convertible Bonds and 2.8% Convertible Bonds.

— a total of 406,440,888 bonus shares of the Company were issued, ranking pari passu in all other respects with the existing issued shares of the Company, on a pro-rata basis of one bonus share for every ten existing shares on 9 December 2025.

— pursuant to the scrip dividend scheme in relation to the declaration of a final dividend of HK$0.35 per share for FY2025 payable in cash with a scrip option (the "FY2025 Final Dividend"), a total of 7,043,779 scrip shares of the Company were issued on 23 December 2025.

— as a result of the exercise of share options under the share option scheme of the Company, a total of 5,554,317 ordinary shares of the Company, fully paid, were issued for a total consideration of HK$37,680,486.

Details of the movements in the issued share capital of the Company during the year are set out in note 30 to the financial statements.

To express appreciation for shareholder support and create long-term value, the Board has also proposed to make a bonus issue of shares to the shareholders on the basis of one bonus share for every ten shares held by the shareholders whose names appear on the register of members of the Company on 23 November 2026. The bonus shares will not be entitled to the FY2026 Final Dividend, but will rank pari passu in all other respects with the existing issued shares of the Company.

Subject to the passing of the relevant resolution at the 2026 AGM, it is expected that the bonus shares will be distributed to the shareholders on or about 15 December 2026.

DEBENTURES ISSUED AND REDEEMED

During the year ended 30 June 2026, the Company had issued, converted, repurchased and cancelled convertible bonds, details of which are as follows:

1. 4.0% Convertible Bonds

On 22 January 2025, in order to restore the public float of the Company for compliance with the minimum public float requirement of 25% under the Listing Rules, the Company issued the 4.0% Convertible Bonds with a maturity date of 22 July 2025, which were convertible into ordinary shares of the Company at the initial conversion price of HK$8.043 per share. The conversion price was adjusted to HK$7.39 per share on 22 March 2025 as a result of the declaration of an interim ordinary dividend of HK$0.30 per share and a special dividend of HK$0.30 per share for the six months ended 31 December 2024.

During the year, an aggregate principal amount of HK$118.0 million of the 4.0% Convertible Bonds was converted at the adjusted conversion price of HK$7.39 per share, resulting in the issuance of 15,967,518 ordinary shares of the Company. An aggregate outstanding principal amount of HK$566.0 million of the 4.0% Convertible Bonds was repurchased on 18 July 2025 and cancelled under the Concurrent Repurchase (as defined in the announcements of the Company dated 10 July 2025 and 21 July 2025). Following such conversion and repurchase, the 4.0% Convertible Bonds were no longer outstanding and were delisted from the Vienna Stock Exchange on 22 July 2025.

2. 2.8% Convertible Bonds

In view of the ongoing progress in restoring the public float upon conversion of the 4.0% Convertible Bonds and the maturity of the 4.0% Convertible Bonds on 22 July 2025, the Company conducted the Concurrent Repurchase of the outstanding 4.0% Convertible Bonds and issuance of the 2.8% Convertible Bonds on 18 July 2025 and the bonds were placed to no less than six independent placees who are professional investors engaging in business involving buying, selling or investing in securities outside the USA. The 2.8% Convertible Bonds, with an issue price of 100% of the aggregate principal amount of HK$850.0 million, are listed on the Vienna Stock Exchange, bear interest at the rate of 2.8% per annum and are convertible into a maximum of 110,821,382 fully paid ordinary shares of the Company at the initial conversion price of HK$7.67 per share subject to and upon compliance with the terms and conditions of the 2.8% Convertible Bonds. The closing price of the shares of the Company on 10 July 2025, being the trading day on which the subscription agreement for the 2.8% Convertible Bonds was signed, was HK$7.520.

The gross proceeds and net proceeds from the issue of the 2.8% Convertible Bonds were HK$850.0 million and approximately HK$843.0 million, respectively. The use of the net proceeds was set out in the following table:

Intended use of proceeds		Initial intended allocation	Amount utilized during the year ended 30 June 2026 HK$'m	Amount unutilized as at 30 June 2026 HK$'m	Expected timeline for utilizing the remaining proceeds
(i)	To fund the concurrent repurchase of the outstanding 4.0% Convertible Bonds	Approximately HK$571 million	571.0	–	N/A
(ii)	For general corporate purposes	Approximately HK$272 million	272.0	–	N/A

Pursuant to the terms and conditions of the 2.8% Convertible Bonds, they may be redeemed at the option of the bondholders on 18 April 2026 (the "Option Date") or for delisting or change of control; or may be redeemed at the option of the Company on 18 April 2026 or for taxation reasons or if 90% or more in the aggregate principal amount of bonds originally issued have been converted, redeemed or purchased and cancelled. Any outstanding amount of the 2.8% Convertible Bonds shall be redeemed by the Company on maturity date (i.e. 18 January 2027) together with accrued and unpaid interest thereon.

Pursuant to the terms and conditions, upon the exercise of the conversion rights, the Company shall pay in cash to the bondholders an amount equal to the sum of the remaining scheduled payments of interest that would have been made on the relevant bonds being converted had the bonds remained outstanding during the period from the interest payment date immediately preceding the conversion date (or, if such conversion date falls before the first interest payment date, from the issue date) to (a) if such conversion date falls on or prior to the Option Date, the Option Date; or (b) if such conversion date falls after the Option Date, the maturity date.

The shares of the Company upon conversion of the 2.8% Convertible Bonds were issued under the general mandate granted to the directors of the Company to issue, allot and deal with additional shares not exceeding 20% of the total number of issued shares by the shareholders of the Company passed at the annual general meeting of the Company held on 22 November 2024. No additional approval from shareholders of the Company is required for the allotment and issue of the new shares.

As a result of the declaration of the FY2025 Final Dividend, and the approval of the bonus issue on the basis of one bonus share for every ten existing ordinary shares of the Company by the shareholders of the Company at the 2025 AGM, the conversion price of the 2.8% Convertible Bonds was adjusted from HK$7.67 per share to HK$6.69 per share on 25 November 2025 pursuant to the terms and conditions thereof. Based on the then remaining outstanding principal amount of the 2.8% Convertible Bonds of HK$554.0 million, the maximum number of new shares of the Company convertible from the 2.8% Convertible Bonds was increased from 72,229,465 shares to 82,810,164 shares. Since the issue of scrip shares of the Company pursuant to the scrip dividend scheme in relation to the FY2025 Final Dividend has only resulted in an adjustment to the conversion price of the 2.8% Convertible Bonds by less than 1% (the "Minor Adjustment"), pursuant to the terms and conditions of the 2.8% Convertible Bonds, no adjustment has been made to the conversion price with respect to the Minor Adjustment which has been carried forward. The conversion price of the 2.8% Convertible Bonds was further adjusted from HK$6.69 per share to HK$6.48 per share on 21 March 2026 as a result of (i) the Minor Adjustment and (ii) the declaration of an interim dividend of HK$0.28 per share of the Company for the six months ended 31 December 2025 on 26 February 2026 in accordance with the terms and conditions thereof. Based on the then remaining outstanding principal amount of the 2.8% Convertible Bonds of HK$212.0 million as at 27 February 2026, the maximum number of new shares of the Company convertible from the 2.8% Convertible Bonds was increased from 31,689,088 shares to 32,716,049 shares.

On 27 February 2026, the Company exercised its right under the terms and conditions of the 2.8% Convertible Bonds to redeem all outstanding 2.8% Convertible Bonds on 18 April 2026 at their principal amount together with accrued and unpaid interest, if any. Bondholders were entitled to exercise their conversion rights up to 14 April 2026.

Subsequent to the issuance of the redemption notice, the Company received conversion notices in respect of all outstanding 2.8% Convertible Bonds. Accordingly, all the remaining 2.8% Convertible Bonds were fully converted into new shares of the Company by 10 March 2026 and there was no outstanding 2.8% Convertible Bonds in issue. The 2.8% Convertible Bonds were delisted from the Vienna Stock Exchange on 10 March 2026.

During the year, an aggregate principal amount of HK$850.0 million of the 2.8% Convertible Bonds was converted, resulting in the issuance of 121,402,061 ordinary shares of the Company, out of which 38,591,907 shares were converted at HK$7.67 per share and 82,810,154 shares were converted at HK$6.69 per share.

Please refer to the announcements of the Company dated 15 January 2025, 22 January 2025, 26 February 2025, 10 July 2025, 21 July 2025, 24 November 2025, 23 December 2025, 27 February 2026 and 6 March 2026 relating to the 4.0% Convertible Bonds and the 2.8% Convertible Bonds for further details.

Save as disclosed above, the Group has not issued or redeemed any debentures during the year.

BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

Particulars of the borrowings and other interest-bearing liabilities of the Group are set out in note 35 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 4.0% Convertible Bonds, 2.8% Convertible Bonds and share option scheme of the Company (as amended on 13 January 2025 and 18 November 2025) (the "2021 Share Option Scheme") disclosed in the "Debentures Issued and Redeemed" section and "Share Option Scheme" section of this report of the directors and notes 30 and 35 to the financial statements, no equity-linked agreements in relation to the shares of the Company were entered into by the Group, or existed during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 18 July 2025, the Company completed the repurchase of the 4.0% Convertible Bonds at a price equivalent to 100% of the principal amount. An aggregate outstanding principal amount of HK$566.0 million of the 4.0% Convertible Bonds has been repurchased. As at 30 June 2026, the Company did not hold any treasury shares.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The amount of revenue attributable to the Group's five largest customers in aggregate and the Group's largest customer accounted for 35% and 14% respectively of the Group's total revenue for the year ended 30 June 2026. The fifth largest customer is an associated company of the Company's ultimate holding company. The revenue from this customer is in respect of the Group's construction business.

Save as the interests disclosed above and in the section headed "Directors' Interests in Securities", none of the directors, their close associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued shares) had an interest in these major customers. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year ended 30 June 2026.

SIGNIFICANT CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the "Connected Transactions" section of this report of the directors, the Group and the controlling shareholders of the Company did not enter into any contract of significance during the year.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

The bye-laws of the Company provide that directors, secretary or other officers of the Company shall be indemnified out of the assets and profits of the Company from and against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

In addition, a directors and officers liability insurance policy insuring claims made against, among others, the directors and the senior management of the Group members and the persons representing the Group in associates as directors or senior management was in effect throughout FY2026 and remained in effect up to the date of this report.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Cheng Chi Ming, Brian *(Group Co-Chief Executive Officer)*
Mr Ho Gilbert Chi Hang *(Group Co-Chief Executive Officer)*
Mr Lam Jim *(Group Chief Operating and Financial Officer)*
Mr Cheng Chi Leong, Christopher

Non-executive Directors

Mr William Junior Guilherme Doo
(alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick)
Mr Tsang On Yip, Patrick

Independent Non-executive Directors

Mr Shek Lai Him, Abraham
Mr Lee Yiu Kwong, Alan
Mrs Oei Wai Chi Grace Fung
Mr Wong Kwai Huen, Albert
Professor Chan Ka Keung, Ceajer
Ms Ng Yuen Ting, Yolanda

In accordance with bye-law 84 of the Company's bye-laws, Dr Cheng Kar Shun, Henry, Mr Lam Jim, Mr Cheng Chi Leong, Christopher, Mr William Junior Guilherme Doo and Professor Chan Ka Keung, Ceajer will retire by rotation at the 2026 AGM. All of the aforementioned directors, being eligible, will offer themselves for re-election at the 2026 AGM.

DIRECTORS' SERVICE CONTRACTS

No director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the "Connected Transactions" section of this report of the directors and note 42 to the financial statements, and the contracts amongst group companies, no other transactions, arrangements or contracts of significance in relation to the Group's businesses to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party, and in which any director of the Company or the director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, pursuant to Rule 8.10(2) of the Listing Rules, the following directors of the Company are considered to have interests in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group (other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group) as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Dr Cheng Kar Shun, Henry	CTF Enterprises group of companies	Facilities management, food and beverage operations, investment in healthcare business and financial services	Director
	FSE Lifestyle Services Limited group of companies	Carpark management and electrical and mechanical engineering	Director
	NWD group of companies	Facilities management, food and beverage operations and strategic investment	Director
Mr Cheng Chi Ming, Brian	NWD group of companies	Facilities management, food and beverage operations and strategic investment	Director
Mr Ho Gilbert Chi Hang	CTF Enterprises group of companies	Facilities management, food and beverage operations, investment in healthcare business and financial services	Director
	NWD group of companies	Facilities management, food and beverage operations and strategic investment	Director

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Mr Cheng Chi Leong, Christopher	CTF Enterprises group of companies	Facilities management, food and beverage operations, investment in healthcare business and financial services	Director
Mr William Junior Guilherme Doo	FSE Holdings Limited group of companies	Carpark management and electrical and mechanical engineering	Director
Mr Lam Wai Hon, Patrick	FSE Holdings Limited group of companies	Carpark management and electrical and mechanical engineering	Director
Mr Tsang On Yip, Patrick	CTF Enterprises group of companies	Facilities management, food and beverage operations, investment in healthcare business and financial services	Director
	UMP Healthcare Holdings Limited group of companies	Investment in healthcare business	Director

As the Board is independent of the boards of the abovementioned entities and none of the above directors of the Company can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of these entities.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the interests disclosed in the "Directors' Interests in Securities" section of this report of the directors, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executives of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2026, the directors of the Company had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(a) Long position in shares

	Number of shares				Approximate percentage of shareholding as at
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**30.06.2026**
The Company					
(Ordinary shares)					
Mr William Junior Guilherme Doo	–	138,525[1]	–	138,525	0.003%
Associated corporation:					
CTFJ					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	21,635,200	450,000[2]	400,000[3]	22,485,200	0.228%

Notes:

(1) The shares were held by the spouse of Mr William Junior Guilherme Doo.

(2) The shares were held by the spouse of Dr Cheng Kar Shun, Henry.

(3) The shares were held by a company wholly owned by Dr Cheng Kar Shun, Henry.

(b) Long position in underlying shares

(I) The Company — share options

The following directors of the Company had personal interests in options to subscribe for shares of the Company as detailed below:

2025 Share Options

Name	Date of grant (Note 1)	Vesting period/ exercisable period	Number of share options						Exercise price per share HK$ (Note 5)
			Balance as at 01.07.2025	Exercised during the year	Lapsed during the year	Cancelled during the year	Adjusted during the year (Note 5)	Balance as at 30.06.2026	
Dr Cheng Kar Shun, Henry	24 January 2025	(Note 2)	12,375,800	–	–	–	1,239,913	13,615,713	6.784
Mr Cheng Chi Ming, Brian	24 January 2025	(Note 2)	8,380,450	–	–	–	839,625	9,220,075	6.784
Mr Ho Gilbert Chi Hang	24 January 2025	(Note 2)	8,380,450	–	–	–	839,625	9,220,075	6.784
Mr Lam Jim	24 January 2025	(Note 2)	8,161,110	(1,795,751)[3]	–	–	817,649	7,183,008	6.784
Mr Cheng Chi Leong, Christopher	24 January 2025	(Note 2)	7,753,950	–	–	–	776,856	8,530,806	6.784
Mr William Junior Guilherme Doo	24 January 2025	(Note 2)	867,100	–	–	–	86,873	953,973	6.784
Mr Tsang On Yip, Patrick	24 January 2025	(Note 2)	867,100	–	–	–	86,873	953,973	6.784
Mr Shek Lai Him, Abraham	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784
Mr Lee Yiu Kwong, Alan	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784
Mrs Oei Wai Chi Grace Fung	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784
Mr Wong Kwai Huen, Albert	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784
Professor Chan Ka Keung, Ceajer	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784
Ms Ng Yuen Ting, Yolanda	24 January 2025	(Note 2)	1,856,400	–	–	–	185,990	2,042,390	6.784

Notes:

(1) The closing price per share on the trading day immediately before the date of grant was HK$7.27.

(2) Details of the vesting schedule are as follows:

	Date of vesting	Exercisable period
(i) 20% of the share options granted (First Tranche)	24 January 2026	From 24 January 2026 to 23 January 2035
(ii) 30% of the share options granted (Second Tranche)	24 January 2027	From 24 January 2027 to 23 January 2035
(iii) 50% of the share options granted (Third Tranche)	24 January 2028	From 24 January 2028 to 23 January 2035

(3) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the year ended 30 June 2026 was approximately HK$8.514 per share.

(4) The cash consideration paid by each of the directors for the grant of share options was HK$10.

(5) The exercise price and the number of outstanding share options granted to the directors were adjusted as a result of the bonus issue of shares of the Company and the issue of scrip shares of the Company pursuant to the scrip dividend scheme on 20 November 2025 and 23 December 2025 respectively. The exercise price per share of the share options was adjusted from HK$7.464 to HK$6.785 on 20 November 2025 and further to HK$6.784 on 23 December 2025.

(6) Dr Cheng Kar Shun, Henry is the father of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher and the uncle of each of Mr William Junior Guilherme Doo and the spouse of Mr Tsang On Yip, Patrick.

2026 Share Options

Name	Date of grant (Note 7)	Vesting period/ exercisable period	Number of share options						Exercise price per share HK$
			Balance as at 01.07.2025	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 30.06.2026	
Dr Cheng Kar Shun, Henry	19 January 2026	(Note 8)	–	13,615,800	–	–	–	13,615,800	8.39
Mr Cheng Chi Ming, Brian	19 January 2026	(Note 8)	–	9,220,200	–	–	–	9,220,200	8.39
Mr Ho Gilbert Chi Hang	19 January 2026	(Note 8)	–	9,220,200	–	–	–	9,220,200	8.39
Mr Lam Jim	19 January 2026	(Note 8)	–	8,978,900	–	–	–	8,978,900	8.39
Mr Cheng Chi Leong, Christopher	19 January 2026	(Note 8)	–	8,530,900	–	–	–	8,530,900	8.39
Mr William Junior Guilherme Doo	19 January 2026	(Note 8)	–	954,000	–	–	–	954,000	8.39
Mr Tsang On Yip, Patrick	19 January 2026	(Note 8)	–	954,000	–	–	–	954,000	8.39
Mr Shek Lai Him, Abraham	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39
Mr Lee Yiu Kwong, Alan	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39
Mrs Oei Wai Chi Grace Fung	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39
Mr Wong Kwai Huen, Albert	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39
Professor Chan Ka Keung, Ceajer	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39
Ms Ng Yuen Ting, Yolanda	19 January 2026	(Note 8)	–	2,042,400	–	–	–	2,042,400	8.39

Notes:

(7) The closing price per share on the trading day immediately before the date of grant was HK$8.43.

(8) Details of the vesting schedule are as follows:

	Date of vesting	Exercisable period
(i) 20% of the share options granted (First Tranche)	19 January 2027	From 19 January 2027 to 18 January 2036
(ii) 30% of the share options granted (Second Tranche)	19 January 2028	From 19 January 2028 to 18 January 2036
(iii) 50% of the share options granted (Third Tranche)	19 January 2029	From 19 January 2029 to 18 January 2036

(9) The cash consideration paid by each of the directors for the grant of share options was HK$10.

(10) Dr Cheng Kar Shun, Henry is the father of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher and the uncle of each of Mr William Junior Guilherme Doo and the spouse of Mr Tsang On Yip, Patrick.

(II) CTFJ — share awards

Under the share award scheme of CTFJ, the Company's associated corporation, Dr Cheng Kar Shun, Henry, a director of the Company, had personal interest in unvested awards for ordinary shares of CTFJ. Details of the share awards granted by CTFJ to the director are as follows:

Name	Balance as at 01.07.2025	Granted during the year (Note 3)	Vested during the year	Lapsed/ cancelled during the year	Balance as at 30.06.2026
Dr Cheng Kar Shun, Henry	1,190,000	399,200	–	–	1,589,200

Notes	Date of grant	Date of vesting
(1)	10 August 2023, at nil consideration	1 July 2026, subject to fulfilment of performance targets and other requirements
(2)	7 October 2024, at nil consideration	1 July 2027, subject to fulfilment of performance targets and other requirements
(3)	1 September 2025, at nil consideration	1 July 2028, subject to fulfilment of performance targets and other requirements

Save as disclosed above, as at 30 June 2026, none of the directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations as defined in the SFO which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or were recorded in the register kept by the Company pursuant to Section 352 of the SFO or were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The 2021 Share Option Scheme has been approved by the shareholders of the Company and NWD (the then holding company of the Company until the close of business on 17 November 2023) at their respective annual general meetings and the 2021 Share Option Scheme became effective on 23 November 2021. On 13 January 2025, the Board passed a resolution to amend the rules relating to the 2021 Share Option Scheme to reflect the change of name of the Company and the change of holding company of the Company. On 18 November 2025, the 2021 Share Option Scheme was further amended to, among other things, (i) expand the scope of eligible participants to include directors and employees of any associated company of the Company; (ii) whilst in compliance with the applicable requirements under the Listing Rules, allow for a shorter vesting period as may be determined by the Board under specific circumstances; (iii) clarify the circumstances under which the options shall lapse for cause; (iv) allow grants of the options to be satisfied by the transfer of treasury shares, in addition to the issuance and allotment of new shares under the existing terms; and (v) bring the terms of the 2021 Share Option Scheme in line with the applicable requirements under Chapter 17 of the Listing Rules (after the new requirements has come into effect since 1 January 2023). The aforementioned amendments have been approved by the shareholders of the Company at the 2025 AGM.

A summary of the 2021 Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the 2021 Share Option Scheme	To reward directors and employees of the Group for their past service or performance; providing incentive, motivation or reward to eligible participants for optimizing their performance or making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; fostering a sense of corporate identity; and allowing the eligible participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the 2021 Share Option Scheme	Any director (including any executive director, non-executive director or independent non-executive director) and employee (whether full time or part time) of the Company, any subsidiary or member of the Group, or any associated company of the Company.
Total number of shares available for issue under the 2021 Share Option Scheme and percentage of the issued shares as at the date of this report	The Company had offered to grant share options to certain eligible participants to subscribe for 298,991,892 ordinary shares of the Company under the 2021 Share Option Scheme up to the date of this report. The total number of shares available for issue under the 2021 Share Option Scheme is 293,618,493 ordinary shares, representing approximately 6.43% of the Company's total number of issued shares as at the date of this report.
Maximum entitlement of each participant under the 2021 Share Option Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue (excluding treasury shares).
The period within which the shares must be taken up under an option	At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant.
The minimum period for which an option must be held before it can be exercised	The vesting of an option shall be subject to a vesting period of not less than 12 months from the date of acceptance of an option, provided that the directors (or the remuneration committee of the Company where the arrangements relate to grants of options to the directors and/or member(s) of senior management of the Company) shall have the discretion to determine a shorter vesting period under the specific circumstances set out in the 2021 Share Option Scheme for any eligible participant who is not a director or employee of any associated company of the Company.

Clawback Mechanism	Share options granted may be subject to clawback and/or lapse in circumstances specified under the rules of the 2021 Share Option Scheme, including misconduct or other specified circumstances.
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10 is to be paid as consideration for the grant of option within 14 days from the date of offer.
The basis of determining the exercise price	The exercise price is determined by the directors which must be at least the highest of: (i) the closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the share as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five dealing days immediately preceding the date of grant; and (iii) the nominal value of the share.
The remaining life of the 2021 Share Option Scheme	The 2021 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 23 November 2021. The remaining life of the 2021 Share Option Scheme is approximately 5 years and 2 months.

During the year ended 30 June 2026, the movements of share options granted by the Company under the 2021 Share Option Scheme are as follows:

(1) Details of the movement of share options granted to directors of the Company are disclosed under the "Directors' Interests in Securities" section of this report of the directors.

(2) Details of the movement of share options granted to other eligible participants, being employees of the Group (excluding directors of the Company), are as follows:

		Number of share options							
Date of grant (Note 1)	**Vesting period/ exercisable period**	**Balance as at 01.07.2025**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Adjusted during the year**	**Balance as at 30.06.2026**	**Exercise price per share** HK$
24 January 2025	(Note 2a)	40,561,991	–	(3,758,566)	(2,314,170)	–	3,958,720	38,447,975	6.784 (Note 4)
19 January 2026	(Note 2b)	–	49,316,100	–	(802,200)	–	–	48,513,900	8.39

Notes:

(1) The closing price per share on the trading day immediately before the date of grant of 2025 Share Options and 2026 Share Options were HK$7.27 and HK$8.43 respectively.

(2) Details of the vesting schedule are as follows:

(a) 2025 Share Options

	Date of vesting	Exercisable period
(i) 20% of the share options granted (First Tranche)	24 January 2026	From 24 January 2026 to 23 January 2035
(ii) 30% of the share options granted (Second Tranche)	24 January 2027	From 24 January 2027 to 23 January 2035
(iii) 50% of the share options granted (Third Tranche)	24 January 2028	From 24 January 2028 to 23 January 2035

(b) 2026 Share Options

	Date of vesting	Exercisable period
(i) 20% of the share options granted (First Tranche)	19 January 2027	From 19 January 2027 to 18 January 2036
(ii) 30% of the share options granted (Second Tranche)	19 January 2028	From 19 January 2028 to 18 January 2036
(iii) 50% of the share options granted (Third Tranche)	19 January 2029	From 19 January 2029 to 18 January 2036

(3) The cash consideration paid by each of the eligible participants for each of the abovementioned grants of share options was HK$10.

(4) The exercise price and the number of outstanding share options granted to the eligible participants were adjusted as a result of the bonus issue of shares of the Company and the issue of scrip shares of the Company pursuant to the scrip dividend scheme on 20 November 2025 and 23 December 2025 respectively. The exercise price per share of the share options was adjusted from HK$7.464 to HK$6.785 on 20 November 2025 and further to HK$6.784 on 23 December 2025.

(5) None of the participants (including directors of the Company and other eligible participants) has been granted share options in excess of the 1% individual limit.

(6) The grant of share options during the year ended 30 June 2026 is not subject to any performance target. The remuneration committee considered that the grants were designed primarily to align the interests of grantees with shareholders and promote long-term value creation and therefore performance targets were not considered necessary. Please refer to the Company's announcement dated 19 January 2026 in relation thereto.

(7) In relation to the share options granted during the year ended 30 June 2026, the fair value of the share options determined at the date of grant using the binomial option pricing model in accordance with HKFRS 2 "Share-based Payment" was HK$1.13 and HK$1.11 per share option granted to the directors of the Company and other eligible participants respectively. The value is determined based on market closing price per ordinary share of the Company at HK$8.39 on the date of grant, the risk-free rate of 3.16% per annum with reference to the market yield rate prevailing on the Hong Kong government bond with maturity nearest to the expiry date of share options, expected volatility of 30.0% based on an approximately ten-year period historical share price volatility, assuming dividend yield of 8.28% per annum based on the management's best estimate having taken into consideration the dividend policy of the Company and an expected option life of ten years.

(8) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the year ended 30 June 2026 (excluding options exercised by directors of the Company) was approximately HK$8.857 per share.

The number of share options available for grant under the 2021 Share Option Scheme at the beginning and the end of the year ended 30 June 2026 are 208,730,583 and 293,338,093 respectively.

As at 30 June 2026, the number of shares that may be issued in respect of share options granted under the 2021 Share Option Scheme during the year ended 30 June 2026 divided by the weighted average number of shares of the Company for the year ended 30 June 2026 is calculated as follows:

$$= \frac{(a)}{(b)} = \frac{112,242,300}{4,498,425,294} = 2.50\%$$

Whereas,

(a) represents number of shares that may be issued as at 30 June 2026 for share options granted during the year ended 30 June 2026.

(b) represents weighted average number of shares in issue for the year ended 30 June 2026.

Save as disclosed above, as at 30 June 2026, no share option of the Company has been granted or exercised or has lapsed or cancelled under the 2021 Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 30 June 2026, so far as are known to the directors of the Company, the following parties (other than a director or chief executive of the Company) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register kept by the Company under Section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

	Number of shares			Approximate percentage to the issued share capital of the Company as at 30.06.2026
Name	**Beneficial interests**	**Corporate interests**	**Total**	
Cheng Yu Tung Family (Holdings) Limited	–	3,349,223,301[1]	3,349,223,301	73.35%
Cheng Yu Tung Family (Holdings II) Limited	–	3,349,223,301[2]	3,349,223,301	73.35%
CTFC	–	3,349,223,301[3]	3,349,223,301	73.35%
CTFH	–	3,349,223,301[4]	3,349,223,301	73.35%
CTF Enterprises	106,737,866	3,218,271,685[5]	3,325,009,551	72.82%
Century Acquisition Limited ("CAL")	3,218,271,420	265[6]	3,218,271,685	70.48%

Notes:

(1) Cheng Yu Tung Family (Holdings) Limited held approximately 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(2) Cheng Yu Tung Family (Holdings II) Limited held approximately 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares deemed to be interested by CTFC.

(3) CTFC held approximately 90.52% direct interest in CTFH and was accordingly deemed to have an interest in the shares deemed to be interested by CTFH.

(4) CTFH held 100% direct interest in CTF Enterprises and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CTF Enterprises. CTFH is also beneficially interested in 100% of the issued shares of Chow Tai Fook Nominee Limited ("CTFN") and was accordingly deemed to have an interest in the 24,213,750 shares interested by CTFN.

(5) CTF Enterprises held 100% direct interest in CAL and was accordingly deemed to have an interest in the shares interested by or deemed to be interested by CAL.

(6) Financial Concepts Investment Limited ("FCIL"), an indirect subsidiary of CAL, held 265 shares and CAL was accordingly deemed to have an interest in the shares interested by FCIL.

(7) All the interests stated above represented long positions.

Save as disclosed above, as at 30 June 2026, there was no other person (other than the directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company or any of its associated corporation are set out on pages 142 to 145) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

The applicable public float threshold for the Company is the initial prescribed threshold of at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public.

References are made to the announcements of the Company dated 23 November 2023, 19 April 2024, 23 and 30 May 2024, 24 March 2025 and 16 September 2025 in respect of, among others, the then status of public float of the Company. As at 1 July 2025, the percentage of the Company's shares held by the public was 24.07%, which remained slightly below the minimum public float requirement. Subsequently, following the issuance and allotment of additional shares of the Company on conversion of the 4.0% Convertible Bonds and the 2.8% Convertible Bonds on several occasions, the public float of the Company was restored to above the minimum percentage of 25% as prescribed under the Listing Rules on 21 November 2025.

According to information that is available to the Company or otherwise within the knowledge of the Directors, as at the date of this report, the percentage of the Company's shares which are held by the public is approximately 26.63% and the Company is in compliance with the minimum prescribed public float requirement under Rule 13.32B of the Listing Rules.

The Company has maintained procedures to monitor its public float position on an ongoing basis.

As at 30 June 2026, the total issued share capital of the Company amounted to HK$4,566,258,021, comprising 4,566,258,021 ordinary shares of HK$1.00 each. The Company has one class of shares in issue, which rank pari passu with each other in all respects.

Shareholding Ownership as at 30 June 2026[1]

Name/Category of shareholders			No. of shares held	Approximate % of shares in issue[4]
(a)	**Shareholders who are not members of "the public" under the Listing Rules**			
	(i)	Substantial shareholders of the Company and their close associates[2]		
		— CAL	3,218,271,420	70.48%
		— CTF Enterprises	106,737,866	2.34%
		— CTFN	24,213,750	0.53%
		— FCIL	265	0.000006%
	(ii)	Director of the Company and his close associate		
		— Mrs Doo Siu Ka Yin Catherine (spouse of Mr William Junior Guilherme Doo[3])	138,525	0.003%
	(iii)	Any other persons excluded from the definition of "the public"		
		— directors of subsidiaries of the Company or a close associate of any of them	1,014,565	0.022%
	Subtotal: non-public shareholders		**3,350,376,391**	**73.37%**
(b)	**Shareholders who are members of "the public" under the Listing Rules**		1,215,881,630[5]	26.63%
	Subtotal: public shareholders		**1,215,881,630**	**26.63%**
Total			**4,566,258,021**	**100.00%**

Notes:

(1) This table is compiled based on the information disclosed in the Disclosure of Interests notices (DI notices) filed under Part XV of the SFO and other relevant information received by the Company up to the date of this annual report and on the assumption that all such information disclosed in the DI notice or received by the Company is accurate and complete.

(2) CAL and CTF Enterprises are substantial shareholders of the Company. CTFN and FCIL are their close associates.

(3) Mr William Junior Guilherme Doo is a director of the Company.

(4) Percentage may not add up to the total due to rounding.

(5) This is the balancing figure between the total number of shares in issue and the aggregate number of shares held by shareholders of the Company who are not members of "the public" under the Main Board Listing Rules.

MAJOR ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

1. On 3 October 2025, the Company issued HK$2,218.0 million exchangeable bonds at the price of 103.0% of the principal amount bearing a coupon rate of 0.75% per annum. These bonds are unsecured, have maturity of 3 years falling due October 2028 and are listed on the Vienna MTF operated by the Vienna Stock Exchange. The bondholders have the rights to require the Company to redeem all or part of the bonds on 3 October 2027 at their principal amount, together with accrued but unpaid interest.

   The bondholders also have the right ("Exchange Rights"), at any time on or after the issue date and up to the close of business on the date falling ten business days prior to the maturity date, to exchange the bonds into exchange property initially consisting of ordinary shares of Shoucheng, a company listed on the Hong Kong Stock Exchange, at an initial exchange ratio of 752,870.32 shares of Shoucheng ("Shoucheng Share(s)") for each HK$2.0 million principal amount of bonds, representing an initial exchange price of HK$2.6565 per Shoucheng Share, subject to adjustments.

   As of the date of this report, the Group holds approximately 10% of the total issued shares in Shoucheng, which is accounted for as an associated company of the Group. Pursuant to the terms and conditions of the bonds, the Group may dispose up to 834,933,183 Shoucheng Shares, which represents close to all of its entire shareholding in Shoucheng, if the Exchange Rights underlying the entirety of the bonds are fully exercised by the bondholders, with the bonds being exchangeable into the Shoucheng Shares.

   During the year, no exchangeable bond was exchanged into Shoucheng Shares.

   Please refer to the announcements of the Company dated 25 September 2025 and 3 October 2025 for further details.

2. On 13 May 2026, an indirect wholly-owned subsidiary of the Company entered into an equity transfer agreement to dispose of its 100% equity interest in Hunan CTFS, which is principally engaged in the operation of the Changsha-Liuyang Expressway located in Hunan Province, the PRC, for a total consideration of approximately RMB1.61 billion, and Hunan CTFS agreed to repay all outstanding amount of the shareholder loan of approximately RMB212 million after the completion date. The disposal of equity interest was completed on 24 July 2026 and Hunan CTFS has ceased to be a subsidiary of the Company since then, and the loan to Hunan CTFS and its accrued interest have been fully repaid as at the date of this report.

   Please refer to the announcement of the Company dated 13 May 2026 for further details.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures and there was no significant investment held during the year ended 30 June 2026.

CONNECTED TRANSACTIONS

The following connected transactions of the Group have been entered into or subsisting during the year and up to the date of this report:

(1) On 1 October 2022, a medical services agreement (the "2022 Medical Services Agreement") was entered into between FTLife Insurance Company Limited (currently known as CTF Life) and UMP Professional Management Limited ("UMP Professional") (an indirect wholly owned subsidiary of UMP Healthcare Holdings Limited ("UMP Healthcare Holdings")) whereby UMP Professional agreed (or procure its applicable affiliates) to arrange or provide and administer medical services to the insured and/or policyholders of CTF Life and/or respective family members of policyholders of CTF Life including spouse and children.

As at the date of signing of the 2022 Medical Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 45.2% of the total issued share capital of NWD and CTF Enterprises held approximately 2.5% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 15.3% of the total issued share capital of UMP Healthcare Holdings. Dr Sun Yiu Kwong, being a brother-in-law of Dr Cheng Kar Shun, Henry and an uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian, Mr Cheng Chi Leong, Christopher and Mr William Junior Guilherme Doo, held approximately 36.8% of the total issued share capital of UMP Healthcare Holdings. UMP Professional was therefore considered to be a connected person of the Company under the Listing Rules. Accordingly, the 2022 Medical Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The 2022 Medical Services Agreement has a fixed term of three years commencing from 1 October 2022, unless terminated in accordance with the terms of the 2022 Medical Services Agreement. The 2022 Medical Services Agreement expired on 30 September 2025. To ensure uninterrupted provision of medical services after the expiry of the 2022 Medical Services Agreement, CTF Life and UMP Professional agreed to continue with the arrangement on a short-term basis upon substantially the same terms and covering similar scope of services as in the 2022 Medical Services Agreement by entering into a new medical services agreement on 30 September 2025 (the "2025 Medical Services Agreement"). The term of the 2025 Medical Services Agreement commenced on 1 October 2025 and expired on 31 December 2025. At the time of entering into the 2025 Medical Services Agreement, the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the expected maximum aggregate value of the transactions under the 2025 Medical Services Agreement was less than 0.1% and accordingly the entering into of the 2025 Medical Services Agreement and the transactions under the 2025 Medical Services Agreement constituted de minimis continuing connected transactions for the Company under the Listing Rules and were not subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, no annual cap has been determined for the 2025 Medical Services Agreement.

Following the finalisation of the longer-term contractual arrangements, a new medical services agreement was entered into by CTF Life and UMP Professional on 9 October 2025 (the "2026 Medical Services Agreement"), upon substantially the same terms and covering similar scope of services as in the 2025 Medical Services Agreement. The term of the 2026 Medical Services Agreement commenced after the expiry of the term of the 2025 Medical Services Agreement (i.e. on 1 January 2026). The proposed annual caps for the medical services under the 2026 Medical Services Agreement had been set for the six months ended 30 June 2026, the year ending 30 June 2027 and the year ending 30 June 2028.

As at the date of signing of the 2025 Medical Services Agreement and the 2026 Medical Services Agreement, CTF Life was an indirect wholly-owned subsidiary of the Company. CTF Enterprises together with its subsidiary held approximately 74.58% of the total issued share capital of the Company. CTF Enterprises was a substantial shareholder of the Company and was therefore a connected person of the Company under the Listing Rules. CTF Enterprises through its subsidiary held approximately 15.26% of the total issued share capital of UMP Healthcare Holdings. Dr Sun Yiu Kwong was (i) a brother-in-law of Dr Cheng Kar Shun, Henry; (ii) an uncle of Mr Cheng Chi Ming, Brian, Mr Cheng Chi Leong, Christopher and Mr William Junior Guilherme Doo; and (iii) the father-in-law of Mr Tsang On Yip, Patrick. Dr Sun Yiu Kwong directly and indirectly held an aggregate of approximately 37.14% of the total issued share capital of UMP Healthcare Holdings. UMP Professional was an indirect wholly-owned subsidiary of UMP Healthcare Holdings. UMP Professional was therefore considered to be a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2025 Medical Services Agreement and the 2026 Medical Services Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The term of the 2026 Medical Services Agreement is for thirty (30) months commencing from 1 January 2026 to 30 June 2028, unless terminated in accordance with the terms of the 2026 Medical Services Agreement.

During the year ended 30 June 2026, the contract amounts for the medical services under the 2022 Medical Services Agreement and the 2026 Medical Services Agreement are summarized as follows:

Category	**Approximate total contract sum** HK$'m	**Annual cap** HK$'m
Medical services by UMP Professional (or its applicable affiliates) to CTF Life under the 2022 Medical Services Agreement	9.4	28.0
Medical services by UMP Professional (or its applicable affiliates) to CTF Life under the 2026 Medical Services Agreement	26.5	37.0

(2) On 28 April 2023, a master services agreement was entered into between the Company and CTF Enterprises (the "CTF Enterprises Master Services Agreement") whereby each of the Company and CTF Enterprises agreed to, and agreed to procure that members of the Group or the CTF Enterprises Group (as defined in the CTF Enterprises Master Services Agreement) (to the extent practicable), to engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services to relevant members of the Group or the CTF Enterprises Group (as the case may be) during the term of the CTF Enterprises Master Services Agreement.

As at the date of signing of the CTF Enterprises Master Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. CTF Enterprises together with its subsidiaries held approximately 45.2% of the total issued share capital of NWD and CTF Enterprises held approximately 2.5% of the total issued share capital of the Company. Accordingly, CTF Enterprises was considered to be a connected person of the Company under the Listing Rules and the CTF Enterprises Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The CTF Enterprises Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the CTF Enterprises Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

During the year ended 30 June 2026, the contract amounts for the operational services under the CTF Enterprises Master Services Agreement are summarized as follows:

Categories	**Approximate total contract sum** HK$'m	**Annual cap** HK$'m
Operational services by members of the Group to members of the CTF Enterprises Group	29.8	117.0
Operational services by members of the CTF Enterprises Group to members of the Group	38.4	646.0

(3) On 28 April 2023, a master services agreement was entered into between the Company and NWD (the "NWD Master Services Agreement") whereby each of the Company and NWD agreed to, and agreed to procure that members of the Group or the NWD Group (as defined in the NWD Master Services Agreement) (to the extent practicable), to engage relevant members of the NWD Group or the Group to provide certain operational services to relevant members of the Group or the NWD Group (as the case may be) during the term of the NWD Master Services Agreement.

As at the date of signing of the NWD Master Services Agreement, NWD together with its subsidiaries held approximately 60.9% of the total issued share capital of the Company. Accordingly, NWD was a connected person of the Company under the Listing Rules and the NWD Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The NWD Master Services Agreement, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders at the special general meeting of the Company held on 26 June 2023 (the "2023 SGM"). The NWD Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the NWD Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

With effect from 17 November 2023, NWD has disposed of all the shares of the Company held by it and its subsidiaries and CTF Enterprises has become the holding company of the Company. As CTF Enterprises together with its subsidiaries hold approximately 45.2% of the issued share capital of NWD, NWD is an associate of CTF Enterprises. Accordingly, NWD and its subsidiaries continue to be connected persons of the Company.

In light of the existing and anticipated business growth for certain transactions with the NWD Group and hence the annual cap for the provision of operational services by members of the Group to members of the NWD Group under the NWD Master Services Agreement for the financial year ended 30 June 2026 ("FY2026 Annual Sales Cap") would not be sufficient, on 29 September 2025, the Company announced the proposed revision of the FY2026 Annual Sales Cap from HK$2,407.0 million to HK$2,991.0 million. The revised FY2026 Annual Sales Cap was approved by the independent shareholders of the Company at the 2025 AGM.

During the year ended 30 June 2026, the contract amounts for the operational services under the NWD Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum HK$'m	Annual cap HK$'m
Operational services by members of the Group to members of the NWD Group	1,874.5	2,991.0
Operational services by members of the NWD Group to members of the Group	17.5	216.0

(4) On 28 April 2023, a master services agreement (the "DOO Master Services Agreement") was entered into between the Company and Mr Doo Wai Hoi, William ("Mr Doo") whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or the Services Group (as defined in the DOO Master Services Agreement) (to the extent practicable), to engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group (as the case may be) during the term of the DOO Master Services Agreement.

As at the date of signing of the DOO Master Services Agreement, Mr Doo was the father of Mr William Junior Guilherme Doo, brother-in-law of Dr Cheng Kar Shun, Henry and uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, all of whom (except Mr Doo) were directors of the Company. Mr Doo was therefore a connected person of the Company under the Listing Rules. Certain members of the Services Group were majority-controlled companies of Mr Doo and/or his immediate family member and hence connected persons of the Company. Accordingly, the DOO Master Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The DOO Master Services Agreement, the transactions contemplated thereunder and the related annual caps were approved by the independent shareholders at the 2023 SGM. The DOO Master Services Agreement has an initial term of three years commencing from 1 July 2023. Subject to re-compliance with the applicable Listing Rules at the relevant time, the DOO Master Services Agreement may be renewed at the end of the initial term for a further term of three years (or such other period permitted under the Listing Rules).

During the year ended 30 June 2026, the contract amounts for the operational services under the DOO Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum HK$'m	Annual cap HK$'m
Operational services by members of the Group to members of the Services Group	1.0	41.0
Operational services by members of the Services Group to members of the Group	920.2	3,146.0

(5) In view of the expiry of the CTF Enterprises Master Services Agreement, the NWD Master Services Agreement and the DOO Master Services Agreement on 30 June 2026, three new master services agreements were entered into by the Company on 24 April 2026 with details as follows:

(a) a new master services agreement was entered into between the Company and CTF Enterprises (the "New CTF Enterprises Master Services Agreement") whereby each of the Company and CTF Enterprises agreed to, and agreed to procure that members of the Group or the CTF Enterprises Group (as defined in the New CTF Enterprises Master Services Agreement) (to the extent practicable), to engage relevant members of the CTF Enterprises Group or the Group to provide certain operational services to relevant members of the Group or the CTF Enterprises Group (as the case may be) during the term of the New CTF Enterprises Master Services Agreement;

(b) a new master services agreement was entered into between the Company and NWD (the "New NWD Master Services Agreement") whereby each of the Company and NWD agreed to, and agreed to procure that members of the Group or the NWD Group (as defined in the New NWD Master Services Agreement) (to the extent practicable), to engage relevant members of the NWD Group or the Group to provide certain operational services to relevant members of the Group or the NWD Group (as the case may be) during the term of the New NWD Master Services Agreement; and

(c) a new master services agreement was entered into between the Company and Mr Doo (the "New DOO Master Services Agreement") whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or the Services Group (as defined in the New DOO Master Services Agreement) (to the extent practicable), to engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group (as the case may be) during the term of the New DOO Master Services Agreement,

(the New CTF Enterprises Master Services Agreement, the New NWD Master Services Agreement and the New DOO Master Services Agreement collectively, the "New Master Services Agreements").

As at the date of signing of the New Master Services Agreements,

(a) CTF Enterprises together with its subsidiaries held approximately 72.82% of the total issued share capital of the Company. CTF Enterprises was therefore a substantial shareholder of the Company and a connected person of the Company under the Listing Rules. CTF Enterprises together with its subsidiaries also held approximately 45.24% of the total issued share capital of NWD. NWD was therefore considered to be a connected person of the Company; and

(b) Mr Doo was the father of Mr William Junior Guilherme Doo, brother-in-law of Dr Cheng Kar Shun, Henry and uncle of Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher. Except for Mr Doo, all of the aforesaid persons were directors of the Company. Accordingly, Mr Doo was a connected person of the Company under the Listing Rules.

Accordingly, each of the New Master Services Agreements constituted continuing connected transactions of the Company under the Listing Rules. The New NWD Master Services Agreement and the New DOO Master Services Agreement were subject to the independent shareholders' approval requirements under the Listing Rules. Approval from independent shareholders for such agreements, the transactions contemplated thereunder and the related annual caps was obtained at the special general meeting of the Company held on 22 June 2026. Each of the New Master Services Agreements has an initial term of three years commencing from 1 July 2026. Subject to compliance with the applicable Listing Rules at the relevant time, the New Master Services Agreements may be renewed at the end of the initial term or subsequent renewal term for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless either party gives written notice to the other party not less than 30 business days before the end of the initial term or any subsequent renewal term to terminate the New Master Services Agreements.

The price and terms of the continuing connected transactions mentioned in (1) to (4) above have been determined in accordance with the pricing policies and guidelines as set out in the announcements of the Company dated 28 April 2023, 29 May 2023, 29 September 2025 and 9 October 2025 and the circulars of the Company dated 5 June 2023 and 24 October 2025. These continuing connected transactions have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better;

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) within the caps as set out in the relevant announcements and circular.

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

The Group has established internal control procedures to monitor the continuing connected transactions. Relevant business units and departments regularly monitor the relevant transaction amounts and utilisation of the applicable annual caps. Any potential exceedance of annual caps will be reported to senior management and, where appropriate, the Board in a timely manner.

Save as disclosed above, a summary of significant related party transactions made during the year, which included the abovesaid connected transactions of the Company, if applicable, is disclosed in note 42 to the financial statements. In respect of these connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, approximately 10,700 staff were employed by entities under the Group's management of which approximately 3,800 staff were employed in Hong Kong. Total staff related costs including provident funds, staff bonus and deemed share option benefits but excluding directors' remunerations and their deemed share option benefits during FY2026 were HK$3.420 billion (FY2025: HK$3.105 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided by the Group to employees on an ongoing basis.

DEFINED BENEFIT PLANS — DISCLOSURE PURSUANT TO PARAGRAPH 26(3) OF APPENDIX D2 OF THE LISTING RULES

There are two defined benefit plans in Hong Kong operated by certain subsidiaries of the Group. For the purposes of complying with periodic certification requirements under the Occupational Retirement Schemes Ordinance and determining the employer contributions to be made to the pension plans, actuarial valuations were carried out by an independent actuarial consulting firm, Towers Watson Hong Kong Limited, which is represented by Mr Clarence Ma Chun Kit, a Fellow of the Institute of Actuaries of Australia, using the Attained Age Method. For determining the cash funding requirement,

— one pension plan was actuarial valued as at 30 June 2024 with the market value of the scheme assets of HK$47.6 million, reporting a funding level of approximately 96% of the aggregate past service liabilities on an ongoing basis (or approximately 105% of aggregate vested liabilities which the scheme was still solvent as at valuation date), using key assumptions including a long-term rate of investment return net of salary increases of 3% per annum; and

— one pension plan was actuarial valued as at 30 June 2025 with the market value of the scheme assets of HK$14.3 million, reporting a funding level of approximately 107% of the aggregate past service liabilities on an ongoing basis, using key assumptions including a long-term rate of investment return net of salary increases of 2.5% per annum.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 323 and 324.

AUDITOR

The financial statements for the year ended 30 June 2026 have been audited by PricewaterhouseCoopers, who will retire at the 2026 AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 24 September 2026

pwc 羅兵咸永道

To the Shareholders of CTF Services Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of CTF Services Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 168 to 322, comprise:

- the consolidated statement of financial position as at 30 June 2026;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, 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 disclosure requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Valuation of insurance contracts; and
- Valuation of investment properties held by the Group and its joint venture.

Key Audit Matter	How our audit addressed the Key Audit Matter
(i) Valuation of insurance contracts (Refer to note 34 to the consolidated financial statements) The Group had net insurance contract liabilities of HK$92,402 million as at 30 June 2026. The valuation of insurance contracts requires the use of appropriate actuarial methodologies and various economic and operating assumptions that are subject to a high degree of management judgement. The key assumptions used in measuring the insurance contracts include discount rates, mortality rates, morbidity rates, lapse rates and expenses. We focused on this area due to significant management judgement and estimation required in the valuation of insurance contracts at the end of reporting period.	We, with the support of our in-house actuarial experts, performed the following audit procedures: • Obtained an understanding of the management's controls and processes of valuing insurance contracts and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Evaluated whether the methodologies were consistent with recognized actuarial practices in the insurance industry. Tested, on a sample basis, the algorithm within the actuarial models applied; • Assessed the reasonableness of the key assumptions used by management including discount rates, mortality rates, morbidity rates, lapse rates and expenses based on the Group's own historical data and experience study and our industry knowledge and experience; • Performed analysis of the movements in insurance contracts to assess whether the changes were in line with our understanding of the key assumptions used in the valuation, and any developments and changes during the year; and • Assessed the appropriateness of the methodology applied to determine CSM and identify onerous contracts. For the measurement of CSM and loss components at initial recognition, we selected samples to perform independent validations. Based on the procedures performed above, we found the methodologies and key assumptions used by management in the valuation of insurance contract liabilities to be reasonable.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
(ii) Valuation of investment properties held by the Group and its joint venture (Refer to notes 18 and 22 to the consolidated financial statements) As at 30 June 2026, the investment properties held by the Group were stated at fair value of HK$6,314 million. The Group also shared significant interest in investment properties held by a joint venture of HK$8,177 million. Independent external valuers were engaged to determine the fair value of investment properties held by the Group and a joint venture as at 30 June 2026, where considered necessary. Fair values were generally derived by the income approach and where appropriate, by the sales comparison method. Income approach was based on either the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates and prevailing market rents or discounted cash flow forecast. Sales comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors. We focused on this area due to the fact that there are significant judgements and estimation uncertainty involved in the valuation of investment properties.	We performed the following audit procedures: • Obtained an understanding of management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors; • Evaluated the competence, capability and objectivity of the independent external valuers; • Obtained the valuation reports and discussed the valuation methodologies and key assumptions used with the independent external valuers; • Involved, on a sample basis, our in-house valuation experts, to assess the appropriateness of valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalization rates, prevailing market rents and comparable market transactions for similar properties, growth rates and discount rates where applicable; and • Tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies, by agreeing to the underlying agreements with the tenants. Based on the procedures performed, we found the methodologies used in preparing the valuations were appropriate and the key assumptions used in the valuation were supportable in light of available evidence.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Pong Fei Ho (practising certificate number: P05268).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 September 2026

Consolidated Income Statement

For the year ended 30 June

	Note	2026 HK$'m	2025 HK$'m
Revenue			
Non-insurance		**22,347.3**	20,204.7
Insurance		**4,752.4**	4,080.6
	6	**27,099.7**	24,285.3
Cost of sales	7, 9	**(19,844.2)**	(17,568.2)
Insurance service expenses	7, 34	**(3,236.3)**	(2,765.6)
Net expenses from reinsurance contracts held		**(41.4)**	(68.2)
Insurance finance expenses		**(6,553.3)**	(5,223.4)
Other income and gains, net	8	**7,441.5**	5,587.8
Selling and marketing expenses	7	**(102.8)**	(117.2)
General and administrative expenses	7	**(1,031.7)**	(897.9)
Operating profit	7	**3,731.5**	3,232.6
Finance costs	11	**(1,494.2)**	(1,470.3)
Share of results of			
Associated companies		**255.8**	210.4
Joint ventures		**780.0**	1,055.8
Profit before income tax		**3,273.1**	3,028.5
Income tax expenses	12	**(702.2)**	(666.3)
Profit for the year		**2,570.9**	2,362.2
Profit/(loss) attributable to			
Shareholders of the Company		**2,392.6**	2,162.0
Holders of perpetual capital securities		**179.2**	202.3
Non-controlling interests		**(0.9)**	(2.1)
		2,570.9	2,362.2
Earnings per share attributable to shareholders of the Company	14		
Basic		**HK$0.53**	HK$0.49*
Diluted		**HK$0.52**	HK$0.49*

* Adjusted for the bonus shares allotted and issued in December 2025.

Consolidated Statement of Comprehensive Income

For the year ended 30 June

	2026 HK$'m	2025 HK$'m
Profit for the year	**2,570.9**	2,362.2
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net fair value change on equity instruments as financial assets at FVOCI	**384.3**	(74.0)
Remeasurement of post-employment benefit obligation	**10.9**	6.7
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Net fair value change on debt instruments as financial assets at FVOCI and other net movement	**(21.4)**	166.6
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	**361.9**	459.9
Release of reserves upon partial disposal of interest in an associated company	**33.7**	–
Share of other comprehensive income of associated companies and joint ventures	**19.2**	6.9
Share of release of reserve of a joint venture	**–**	241.7
Cash flow hedges	**257.6**	(373.3)
Net insurance finance (expenses)/income	**(147.1)**	106.7
Currency translation differences	**482.6**	111.3
Other comprehensive income for the year, net of tax	**1,381.7**	652.5
Total comprehensive income for the year	**3,952.6**	3,014.7
Total comprehensive income/(loss) attributable to		
Shareholders of the Company	**3,773.5**	2,814.3
Holders of perpetual capital securities	**179.2**	202.3
Non-controlling interests	**(0.1)**	(1.9)
	3,952.6	3,014.7

Consolidated Statement of Financial Position

As at 30 June

	Note	**2026 HK$'m**	2025 HK$'m
ASSETS			
Intangible assets	16	**6,177.4**	6,186.8
Intangible concession rights	17	**6,178.4**	10,961.9
Investment properties	18	**6,313.5**	4,949.6
Property, plant and equipment	19	**1,156.7**	1,226.9
Right-of-use assets	20	**791.4**	949.9
Associated companies	21	**5,165.6**	4,720.1
Joint ventures	22	**16,538.1**	16,151.7
Insurance contract assets	34	**1,341.7**	1,418.6
Reinsurance contract assets	34	**104.5**	97.4
Debt instruments as financial assets at amortized cost	23	**1,272.1**	1,419.7
Financial assets at FVOCI	23	**11,207.5**	13,236.1
Financial assets at FVPL	23	**89,386.4**	69,888.4
Derivative financial instruments	24	**319.3**	255.8
Inventories		**28.0**	20.8
Trade and other receivables	25	**8,784.8**	11,491.1
Investments related to unit-linked contracts	27(a)	**11,148.1**	9,710.1
Cash and bank balances	28	**20,760.7**	20,210.7
Assets held-for-sale	29	**4,483.4**	–
Total assets		**191,157.6**	172,895.6

	Note	2026 HK$'m	2025 HK$'m
EQUITY			
Share capital	30	**4,566.3**	4,009.8
Reserves	31	**35,151.5**	33,507.0
Shareholders' funds		**39,717.8**	37,516.8
Perpetual capital securities	32	**2,347.1**	2,347.8
Non-controlling interests		**26.5**	17.1
Total equity		**42,091.4**	39,881.7
LIABILITIES			
Deferred tax liabilities	33	**1,103.4**	1,152.1
Insurance contract liabilities	34	**93,743.5**	77,481.8
Financial liabilities related to unit-linked contracts	27(b)	**4,364.5**	4,183.6
Borrowings and other interest-bearing liabilities	35	**32,415.2**	34,861.8
Financial liabilities at FVPL	36	**2,183.5**	–
Derivative financial instruments	24	**1,224.4**	1,267.2
Trade and other payables	37	**10,392.9**	12,907.2
Lease liabilities	38	**550.1**	716.9
Taxation		**589.2**	443.3
Liabilities directly associated with assets held-for-sale	29	**2,499.5**	–
Total liabilities		**149,066.2**	133,013.9
Total equity and liabilities		**191,157.6**	172,895.6

Dr Cheng Kar Shun, Henry
Director

Mr Ho Gilbert Chi Hang
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

		Shareholders' funds							
HK$'m	Note	**Share capital**	**Share premium**	**Revenue reserve**	**Other reserves**	**Total**	**Perpetual capital securities**	**Non-controlling interests**	**Total**
As at 30 June 2025 and 1 July 2025		**4,009.8**	**18,387.3**	**11,914.5**	**3,205.2**	**37,516.8**	**2,347.8**	**17.1**	**39,881.7**
Total comprehensive income/(loss) for the year		**–**	**–**	**2,403.5**	**1,370.0**	**3,773.5**	**179.2**	**(0.1)**	**3,952.6**
Transactions with owners									
Dividends paid to									
Shareholders of the Company	13, 31	**–**	**–**	**(2,701.0)**	**–**	**(2,701.0)**	**–**	**–**	**(2,701.0)**
Non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Scrip dividends									
New shares issued	30, 31	**7.1**	**43.9**	**–**	**–**	**51.0**	**–**	**–**	**51.0**
Distribution to perpetual capital securities holders		**–**	**–**	**–**	**–**	**–**	**(179.9)**	**–**	**(179.9)**
Share options									
Value of services provided	10(a)	**–**	**–**	**–**	**77.0**	**77.0**	**–**	**–**	**77.0**
New shares issued	30, 31	**5.6**	**37.6**	**–**	**(5.5)**	**37.7**	**–**	**–**	**37.7**
Conversion of convertible bonds	30, 31	**137.4**	**830.6**	**–**	**–**	**968.0**	**–**	**–**	**968.0**
Issue of bonus shares	30, 31	**406.4**	**(406.4)**	**–**	**–**	**–**	**–**	**–**	**–**
Share of reserve of an associated company		**–**	**–**	**4.6**	**–**	**4.6**	**–**	**–**	**4.6**
Transaction costs in relation to perpetual capital securities	31	**–**	**–**	**(9.8)**	**–**	**(9.8)**	**–**	**–**	**(9.8)**
Consolidation of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**9.8**	**9.8**
Transfer of reserves	31	**–**	**–**	**(155.8)**	**155.8**	**–**	**–**	**–**	**–**
Total transactions with owners		**556.5**	**505.7**	**(2,862.0)**	**227.3**	**(1,572.5)**	**(179.9)**	**9.5**	**(1,742.9)**
As at 30 June 2026		**4,566.3**	**18,893.0**	**11,456.0**	**4,802.5**	**39,717.8**	**2,347.1**	**26.5**	**42,091.4**

		Shareholders' funds							
HK$'m	Note	Share capital	Share premium	Revenue reserve	Other reserves	Total	Perpetual capital securities	Non-controlling interests	Total
As at 1 July 2024		3,997.5	18,303.6	14,464.5	2,130.6	38,896.2	4,436.4	19.1	43,351.7
Total comprehensive income/(loss) for the year		–	–	2,168.7	645.6	2,814.3	202.3	(1.9)	3,014.7
Transactions with owners									
Dividends paid to									
Shareholders of the Company	31	–	–	(3,802.3)	–	(3,802.3)	–	–	(3,802.3)
Non-controlling interests		–	–	–	–	–	–	(0.1)	(0.1)
Distribution to perpetual capital securities holders		–	–	–	–	–	(198.9)	–	(198.9)
Share options									
Value of services provided	10(a)	–	–	–	24.3	24.3	–	–	24.3
Conversion of convertible bonds	30, 31	12.3	83.7	–	–	96.0	–	–	96.0
Share of reserve of an associated company and a joint venture		–	–	(510.8)	(0.9)	(511.7)	–	–	(511.7)
Redemption of perpetual capital securities		–	–	–	–	–	(2,092.0)	–	(2,092.0)
Transfer of reserves	31	–	–	(405.6)	405.6	–	–	–	–
Total transactions with owners		12.3	83.7	(4,718.7)	429.0	(4,193.7)	(2,290.9)	(0.1)	(6,484.7)
As at 30 June 2025		4,009.8	18,387.3	11,914.5	3,205.2	37,516.8	2,347.8	17.1	39,881.7

Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2026 HK$'m	2025 HK$'m
Cash flows from operating activities			
Net cash generated from operations	41(a)	**14,711.1**	10,843.7
Finance costs paid		**(1,468.5)**	(1,317.4)
Interest received		**3,508.4**	3,302.7
Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts		**882.5**	576.7
Hong Kong profits tax paid		**(139.5)**	(391.6)
The Chinese Mainland and overseas taxation paid		**(516.7)**	(512.5)
Net cash generated from operating activities before net purchase of financial assets in relation to insurance business		**16,977.3**	12,501.6
Purchases of financial assets in relation to insurance business		**(84,459.7)**	(59,442.3)
Disposal of financial assets in relation to insurance business		**69,111.5**	50,656.9
		(15,348.2)	(8,785.4)
Net cash generated from operating activities		**1,629.1**	3,716.2
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**–**	(480.8)
Dividends received from associated companies	21(f)	**237.6**	243.7
Dividends received from joint ventures	22(g)	**874.4**	957.5
Dividends received from a joint venture in respect of insurance claims	22(g)	**–**	600.6
(Increase)/decrease in investments in and advances to associated companies		**(686.6)**	278.8
Decrease in investments in and advances to joint ventures		**1.5**	1,026.4
Disposal of subsidiaries, net of cash disposed of		**–**	214.4
Deferred proceed/proceeds received from disposal of interests in subsidiaries, associated companies and joint ventures		**377.6**	342.6
Deposits paid for acquisition of subsidiaries		**(70.4)**	–
Deposit received for disposal of a subsidiary		**57.8**	–
Additions of intangible assets, investment properties and property, plant and equipment		**(1,743.0)**	(483.4)
Purchases of debt instruments as financial assets at amortized cost		**–**	(28.0)
Purchases of financial assets at FVPL		**(383.8)**	(197.6)
Disposal of debt instruments as financial assets at amortized cost		**146.2**	19.5
Disposal of financial assets at FVOCI		**510.4**	67.5
Disposal of financial assets at FVPL		**569.3**	294.1
Settlement of derivative financial instruments		**(107.3)**	4.9
Dividends received from financial assets at FVOCI and financial assets at FVPL		**7.1**	0.6
Others		**26.6**	25.0
Net cash (used in)/generated from investing activities		**(182.6)**	2,885.8

	Note	**2026 HK$'m**	2025 HK$'m
Cash flows from financing activities			
Issuance of new shares from share options exercised		**37.7**	–
New bank loans and other borrowings	41(b)	**6,687.4**	7,324.4
Issuance of fixed rate bonds	41(b)	**277.7**	3,843.9
Issuance of financial liabilities at FVPL	41(b)	**2,253.5**	–
Repayment of bank loans and other borrowings	41(b)	**(4,862.5)**	(6,317.1)
Redemption of fixed rate bonds	41(b)	**(1,734.3)**	–
Repayment of financing received under a financial reinsurance arrangement	41(b)	**-**	(155.7)
Settlement of derivative financial instruments		**(263.9)**	261.5
Distribution to perpetual capital securities holders		**(179.9)**	(198.9)
Transaction costs in relation to perpetual capital securities		**(9.8)**	–
Redemption of perpetual capital securities		**-**	(2,092.0)
Capital element of lease liabilities payments	41(b)	**(255.5)**	(242.5)
Increase/(decrease) in cash collateral received from counterparties	41(b)	**12.8**	(15.2)
Dividends paid to shareholders of the Company		**(2,650.0)**	(3,802.3)
Dividends paid to non-controlling interests		**(0.3)**	(0.1)
Net cash used in financing activities		**(687.1)**	(1,394.0)
Net increase in cash and cash equivalents		**759.4**	5,208.0
Cash and cash equivalents at the beginning of year		**20,223.5**	14,950.7
Currency translation differences		**218.2**	64.8
Cash and cash equivalents at the end of year		**21,201.1**	20,223.5
Analysis of cash and cash equivalents			
Cash and bank balances	28	**20,760.7**	20,210.7
Cash and bank balances attributable to investments related to unit-linked contracts	27(a)	**33.4**	26.7
Cash and bank balances classified as assets held-for-sale	29	**424.2**	–
Time deposits with original maturity more than three months	28	**(17.2)**	(13.9)
		21,201.1	20,223.5

1 GENERAL INFORMATION

CTF Services Limited is a limited liability company incorporated in Bermuda. The address of its registered office is Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda (changed from Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda with effect from 3 August 2026).

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries include the development of, investment in and/or operation of financial services, toll roads, logistics, construction and facilities management businesses.

The Company has its listing on the Main Board of Hong Kong Stock Exchange.

The consolidated financial statements were approved for issuance by the Board on 24 September 2026.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations (collectively, the "HKFRS Accounting Standards") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial liabilities (including derivative financial instruments) which have been measured at fair value. Additionally, insurance contracts issued and reinsurance contracts held are measured on a current value basis as explained in note 3(ad).

The preparation of 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 Group'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 5 below.

(a) Adoption of amendments to standards

During FY2026, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for FY2026:

HKAS 21 (Amendments)	Lack of Exchangeability

The adoption of the amendments to standards does not have significant effect on the results and financial position of the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Standards and amendments to standards which are not yet effective

The following new standards and amendments to standards are mandatory for accounting period beginning on or after 1 July 2026 or later periods but which the Group has not early adopted:

HKAS 21 (Amendments)	Translation to a Hyperinflationary Presentation Currency
HKAS 28 (Amendments)	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19 and HKFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures
HKFRS 20	Regulatory Assets and Regulatory Liabilities
HKFRSs Amendments	Annual Improvements to HKFRS Accounting Standards — Volume 11

HKFRS 18 "Presentation and Disclosure in Financial Statements" ("HKFRS 18")

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements to enhance comparability of the financial performance of similar entities and provide users with more relevant information and greater transparency. The adoption of HKFRS 18 would not have any impact on the recognition or measurement of items in the Group's consolidated financial statements, but its impacts on presentation and disclosure are expected to be pervasive, particularly in relation to the consolidated statement of profit or loss and disclosure of management-defined performance measures within the consolidated financial statements. HKFRS 18 is mandatorily effective for accounting periods beginning on or after 1 January 2027.

The Group has commenced the assessment on the impact of adoption of the new standards and amendments to standards, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted for the preparation of the consolidated financial statements, which have been consistently applied to all the years presented are set out as below:

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June.

(i) Subsidiaries

Subsidiaries are entities in 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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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 recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the 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 recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized 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 recognized in the consolidated income statement. 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 interest recognized 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 recognized directly in the consolidated income statement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment property which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Inter-group transactions, balances and unrealized gains or losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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 disposal to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized 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. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment losses. 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 interests in subsidiaries is required upon recognizing a dividend from the 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Associated companies

An associated company is a company other than a subsidiary and a joint venture, in which the Group has significant influence exercised through representatives on the board of directors.

Investments in associated companies are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investments in associated companies include goodwill identified on acquisition. The Group's interests in associated companies include loans and advances to the associated companies which, in substance, form part of the Group's net investment in the associated companies. The provision of loans and advances to the associated companies are a form of commercial arrangement between the parties to finance the development of projects and is viewed as a means by which the Group invests in the relevant projects.

The Group's share of its associated companies' post-acquisition profits or losses is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. Dividends received or receivable from associated companies are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associated company equals or exceeds its interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company), the Group does not recognize further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For equity accounting purpose, accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains or losses arising from investments in associated companies are recognized in the consolidated income statement.

The cost of an associated company acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be an associated company.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has.

(1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(2) Joint ventures

A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investments in joint ventures include goodwill identified on acquisition. The Group's interests in joint ventures include loans and advances to the joint ventures which, in substance, form part of the Group's net investment in the joint ventures. The provision of loans and advances to the joint ventures is a form of commercial arrangement between the parties to finance the development of projects and is viewed as a means by which the Group invests in the relevant projects.

The Group's share of its joint ventures' post-acquisition profits or losses is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognize further losses, unless it has incurred legal and constructive obligations or made payments on behalf of that joint venture.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Joint arrangements (continued)

(2) Joint ventures (continued)

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For equity accounting purpose, accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains or losses arising from investments in joint ventures are recognized in the consolidated income statement.

The cost of a joint venture acquired in stages is measured as the sum of consideration paid for each purchase plus a share of investee's profits and other equity movements.

The Group ceases to use the equity method from the date an investment ceases to be a joint venture.

(b) Non-controlling interests

Non-controlling interests are the equity in a subsidiary which is not attributable, directly or indirectly, to a parent company. The Group treats transactions with non-controlling interests (namely, acquisitions of additional interests and disposals of partial interests in subsidiaries that do not result in a loss of control) as transactions with equity owners of the Group. For purchases of additional interests in subsidiaries from non-controlling shareholders, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interests to non-controlling shareholders are also recorded in equity.

(c) Intangible assets

(i) Goodwill

Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of associated companies and joint ventures is included in interests in associated companies and joint ventures respectively and is tested for impairment as part of overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of all or part of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of testing for impairment. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

(ii) Operating right

Operating right primarily resulted from the acquisition of right to operate facilities management businesses. Separately acquired operating rights are initially recognized at cost. Operating rights acquired in a business combination are initially recognized at fair value at the acquisition date. Operating right is carried at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method to allocate the cost over the period of the operating right.

(iii) Intangible concession rights

The Group has entered into various service concessions ("Service Concessions") with local government authorities for its participation in the development, financing, operation and maintenance of infrastructural projects ("Infrastructures"). The Group carries out the construction or upgrade work of Infrastructures from the granting authorities in exchange for the right to operate the Infrastructures concerned and the right to charge users of the respective Infrastructures. The fees collected during the operating periods are attributable to the Group. The relevant Infrastructures are required to be returned to the local government authorities upon the expiry of the operating rights without significant compensation to the Group.

The Group applies the intangible asset model to account for the Infrastructures where they are paid by the users of the Infrastructures and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. The consideration to be received during the construction or upgrade period is classified as contract assets and reclassified as intangible concession rights upon completion.

Land use rights acquired in conjunction with the Service Concessions which the Group has no discretion or latitude to deploy for other services other than the use in the Service Concessions are treated as intangible assets acquired under the Service Concessions.

Amortization of intangible concession rights is calculated to allocate their costs, where applicable, on an economic usage basis for roads whereby the amount of amortization is provided based on the ratios of actual volume compared to the total projected volume. The total projected volume of the respective Infrastructures is reviewed regularly with reference to both internal and external sources of information and appropriate adjustments will be made should there be a material change.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

(iv) Other intangible assets

Other intangible asset mainly represents (i) computer software which is amortized over a period of 3 to 10 years or the estimated useful life, whichever is shorter and (ii) construction license, trademarks and project backlogs under the Group's construction business is initially recognized at cost or at fair value for those acquired in a business combination and amortized over the estimated useful life or specific contract period respectively.

Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortization and impairment losses.

Operating right and other intangible assets are tested for impairment when there is indication of impairment.

(d) Revenue recognition

Revenue is recognized when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the good or service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

Incremental costs incurred to obtain a contract, if recoverable, are capitalized as contract assets and subsequently amortized when the related revenue is recognized.

The Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are further described as follows:

(i) Toll revenue

Toll revenue from road operations is recognized at a point in time when services are rendered.

(ii) Service fee income

Property and facilities management service fees and property letting agency fee are recognized over time and at a point in time respectively when services are rendered.

(iii) Rental income

Rental income from investment properties is recognized on a straight-line basis over the terms of the lease agreements.

(iv) Construction revenue

Revenue from construction service contract is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(v) Sales of goods

Income from sales of goods is recognized at a point in time when the goods are delivered to customers and title has passed.

(vi) Interest income

Interest income is recognized on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

(vii) Dividend income

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

(viii) Revenue related to insurance business

Accounting policies of revenue recognition in relation to insurance business are set out in note 3(ad).

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(f) Leases

The Group leases various land, office buildings and premises. Rental contracts are made for a range of fixed periods but may have extension options. 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, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities primarily include the net present value of the fixed payments, less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

- 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.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognized in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

Investment property, principally comprising land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is determined by professional valuation or estimation by management conducted at the end of each reporting period. Changes in fair values are recognized in the consolidated income statement.

Property that is being constructed or developed for future use as investment property is stated at fair value.

Subsequent expenditure is included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If a property becomes an investment property because its use has been changed, the difference between the carrying amount and the fair value of this property at the date of transfer is recognized in other comprehensive income and accumulated in property revaluation reserve. However, if such value difference gives rise to a reversal of the previous impairment loss, the write-back is recognized in the consolidated income statement.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of replaced part is derecognized. All other repairs and maintenance costs are charged in the consolidated income statement during the period in which they are incurred. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Assets under construction

All direct costs relating to the construction of property, plant and equipment, including borrowing costs during the construction period are capitalized as the costs of the assets.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (continued)

(ii) Depreciation

No depreciation is provided in respect of construction in progress until such time when the relevant assets are completed and available for intended use.

Depreciation of property, plant and equipment are calculated to allocate their cost to their estimated residual values over their estimated useful lives or lease terms, using the straight-line method, at the following annual rates:

Properties	2.5%–5%
Other plant and equipment	4%–50%
Motor vehicles	20%–25%

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

(iii) Gain or loss on disposal

The gain or loss on disposal of property, plant and equipment is determined by comparing the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated income statement.

(i) Impairment of interests in associated companies, joint ventures and other non-financial assets

Non-financial assets that have an indefinite useful life (e.g. goodwill) or have not yet been available for use are not subject to amortization and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognized in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. Impairment losses on goodwill are not reversed. For the purpose of assessing impairment, assets are grouped as CGU for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investments and other financial assets

(i) 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, or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity'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 consolidated income statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. 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 instruments at FVOCI.

In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(ii) Recognition and derecognition

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investments and other financial assets (continued)

(iii) Measurement

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

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

(1) Debt instruments

Subsequent measurement of investments in 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:

Amortized 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 amortized cost. A gain or loss on investment in a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in consolidated income statement when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Financial assets at FVOCI

Assets that are held for collection of contractual cash flows and for sale where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to consolidated income statement and recognized in "other income and gains, net". Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses and impairment loss are presented in "other income and gains, net".

Financial assets at FVPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on investments in debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognized in consolidated income statement and presented net within "other income and gains, net" in the period in which it arises.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Investments and other financial assets (continued)

(iii) Measurement (continued)

(2) Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment. Dividends are recognized in consolidated income statement as "other income and gains, net" when the Group's right to receive payments is established.

Changes in the fair value of investments in equity instruments at FVPL are recognized in "other income and gains, net" in the consolidated income statement. Investments in equity instruments at FVOCI are not subject to impairment assessment.

(k) Impairment of financial assets

The Group's financial assets measured at amortized cost, including trade and other receivables, amounts receivable from associated companies and joint ventures and cash and bank balances, debt instruments as financial assets at FVOCI, as well as contract assets are subject to expected credit loss model under HKFRS 9 "Financial Instruments" ("HKFRS 9").

For trade receivables, retention money receivables and contract assets, the Group applies the simplified approach for provision for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected credit loss provision for these assets.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(b) details how the Group determines whether there has been a significant increase in credit risk.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of particular risks associated with the cash flows of recognized assets or liabilities or highly probable forecast transactions (cash flow hedges), the changes in fair value of recognized assets or liabilities (fair value hedges) or a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset, the deferred hedging gains and losses in equity are transferred from equity and included in the initial cost of such asset. The deferred amounts are ultimately recognized in consolidated income statement as the hedged item affects profit or loss.

- The gain or loss relating to the effective portion of the hedging instruments is recognized in consolidated income statement at the same time as expense on the hedged items.

- When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the consolidated income statement.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Derivative financial instruments and hedging activities (continued)

(ii) Fair value hedges

Change in the fair value on hedging instrument is recognized in other comprehensive income and accumulated in the fair value hedge reserve within equity when the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in exchange reserve in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

(iv) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the consolidated income statement.

(m) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The Group's impairment policies are further described in notes 3(k) and 4(b).

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average or the first-in first-out methods depending on the operating business. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(o) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the cumulative revenue recognized in consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognized as contract liabilities if the cumulative payments made by customers exceeds the revenue recognized in consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade receivables as described in notes 3(k) and 4(b). Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfied its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalized and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognizes an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognized exceeds the remaining amounts of consideration that the Group expects to receive less the costs that relate directly to providing those goods or services that have not been recognized as expenses.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Assets (or disposal groups) held-for-sale and discontinued operations

Assets (or disposal groups) are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. For assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value, would continue to be measured in accordance with the policies set out elsewhere in note 3.

A remeasurement loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative remeasurement loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset (or disposal group) is recognized at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognized.

Assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the consolidated statement of financial position.

(q) 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. Bank overdrafts are shown within borrowings in the consolidated statement of financial position.

(r) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Financial liabilities at fair value through profit or loss

Financial liabilities are classified at FVPL if they are held for trading, are derivative financial instruments not designated in an effective hedging relationship (as described in note 3(l)), or are designated as at FVPL upon initial recognition.

At initial recognition, the Group may designate a financial liability as at FVPL if such designation eliminates or significantly reduces an accounting mismatch; if the financial liability forms part of a group of financial assets and/or financial liabilities that is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or if the financial liability contains one or more embedded derivatives that would otherwise require separation.

Financial liabilities at FVPL are initially recognized and subsequently measured at fair value. Gains or losses arising from changes in fair value are recognized in profit or loss in the period in which they arise.

(t) Provisions

Provisions are recognized 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.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow of resources 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 recognized as interest expense.

(u) Share capital and perpetual capital securities

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.

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Contingent liabilities and contingent assets

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 recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognized but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(w) Current and deferred tax

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

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the regions where the Group, associated companies and joint ventures 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Current and deferred tax (continued)

Deferred tax

Deferred tax is provided in full, 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 recognized if they arise from the initial recognition of goodwill. The deferred 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 transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group has applied the temporary mandatory exception to recognize and disclose information about deferred tax assets and liabilities associated with Pillar Two income taxes.

Deferred 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 taxes 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.

(x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the construction period when the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the end of the reporting period are recognized in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on financial assets and liabilities held at FVPL are recognized in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equity instruments classified as financial assets at FVOCI, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the exchange rate prevailing at the date of that consolidated statement of financial position;

(2) income and expenses for each income statement are translated at the average exchange rate during the period covered by the consolidated income statement; and

(3) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity.

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. Exchange differences arising are recognized in equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Foreign currencies (continued)

(iv) Disposal of foreign operation and partial disposal

On the 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, all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

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 exchange differences is re-attributed to non-controlling interests and not recognized in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associated companies 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 the consolidated income statement.

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(ii) Bonus plans

Provision for bonus plans are recognized when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Defined contribution plans

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. Contributions to defined contribution plans including the Mandatory Provident Fund Scheme ("MPF") and employee pension schemes established by municipal governments in the Chinese Mainland are expensed as incurred. Contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Employee benefits (continued)

(iv) Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to other comprehensive income in the period in which they arise.

(v) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of share options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

At the expiration of options, the accumulated balance of special reserve recognized for those options is reclassified to revenue reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Borrowings and other interest-bearing liabilities

Borrowings and other interest-bearing liabilities are recognized initially at fair value, net of transaction costs incurred. Borrowings and other interest-bearing liabilities are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement or capitalized as stated in note 3(x) over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' fund, net of income tax effects.

(ab) 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 Executive Committee that makes strategic decisions.

Segment assets consist primarily of intangible assets, intangible concession rights, investment properties, property, plant and equipment, right-of-use assets, insurance contract assets, reinsurance contract assets, debt instruments as financial assets at amortized cost, financial assets at FVOCI, financial assets at FVPL, derivative financial instruments, inventories, receivables, investments related to unit-linked contracts and cash and bank balances. Segment liabilities primarily comprise deferred tax liabilities, insurance contract liabilities, reinsurance contract liabilities, financial liabilities related to unit-linked contracts, borrowings and other interest-bearing liabilities, derivative financial instruments, payables, lease liabilities and taxation. Additions to assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets comprise additions to investment properties, property, plant and equipment, intangible concession rights, intangible assets and right-of-use assets.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the financial period when the dividends are approved by the Company's shareholders and/or directors, where appropriate.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts

Insurance contracts, investment contracts with discretionary participating features ("DPF") and reinsurance contracts held

The Group uses different measurement approaches, depending on the type of contract, as follows:

	Product classification	Measurement model
Contracts issued		
Traditional life and annuities participating contracts	Insurance contracts or investment contracts with DPF	Variable Fee Approach ("VFA")
Traditional life non-participating contracts and protection products	Insurance contracts	General Measurement Model ("GMM") or Premium Allocation Approach ("PAA")
Universal life contracts	Insurance contracts	GMM
Unit-linked insurance contracts	Insurance contracts	VFA
Unit-linked investment contracts without DPF	Investment contracts	Financial liabilities measured at FVPL under HKFRS 9
Contracts held		
Reinsurance contracts	Reinsurance contracts	GMM or PAA

(i) Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Contracts that have a legal form of insurance but do not transfer significant insurance risk are classified as investment contracts, and they follow financial instruments accounting under HKFRS 9. Investment contracts without DPF issued by the Group fall under this category and classified as financial liabilities.

Some investment contracts issued by the Group contain DPF, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under HKFRS 17 "Insurance Contracts".

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(i) Definition and classification (continued)

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

A reinsurance contract held transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts.

All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

(ii) Level of aggregation and separation of insurance components

Insurance contracts are aggregated into groups, and groups into portfolios, subject to similar risks and managed together. Each portfolio is further disaggregated into semi-annual cohorts and each cohort into three groups based on their profitability: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

(iii) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some marketing and training costs, are recognized in general and administrative expenses or selling and marketing expenses as incurred.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(iv) Insurance acquisition cash flows

Insurance acquisition cash flows represents cash flows arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis and considering, in an unbiased way, all reasonable and supportable information available without undue cost or effort. The amounts allocated to groups of insurance contracts yet to be recognized are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

(v) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

(vi) Initial measurement — Groups of contracts not measured under PAA

The Group measures a group of contracts as the sum of: (a) the fulfilment cash flows, which include estimates of future cash flows, an adjustment to reflect time value of money, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM").

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognize as it provides insurance contract services in the future.

On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group of contracts is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in profit or loss immediately, with no CSM recognized on the consolidated statement of financial position on initial recognition, and a loss component is established in the amount of loss recognized.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(vii) Subsequent measurement — Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC comprises (a) the fulfilment cash flows related to future service allocated to the group at that date and (b) the CSM of the group at that date. The LIC includes the fulfilment cash flows related to incurred claims and expenses that have not yet been paid and allocated to the group at the reporting date.

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows, of discount rates and of non-financial risk. For insurance contracts measured under the VFA, the Group's share of the investment experience and assumption changes are absorbed by the CSM and released over time to profit or loss. For insurance contracts measured under the GMM, the fair value change of the investment assets backing these policies does not affect the measurement of insurance contracts.

(viii) Initial and subsequent measurement — Groups of contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts in the following situations:

- the Group reasonably expects that the measurement of LRC would not differ materially from the result of apply accounting policies of contracts not measured under the PAA; or

- where the coverage period of each contract is one year or less.

(ix) Reinsurance contracts held

Reinsurance contracts held measured under the GMM

The Group applies the same accounting policies as that applied to the underlying insurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods; and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(ix) Reinsurance contracts held (continued)

Reinsurance contracts held measured under the GMM (continued)

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Reinsurance contracts held measured under the PAA

The Group applies the same accounting policy to measure the reinsurance contracts held under PAA, as the underlying insurance contracts.

When a loss is recognized on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognized in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognized.

(x) Derecognition and modification

An insurance contract is derecognized when:

- it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled; or

- its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(xi) Presentation of insurance contracts

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

The Group disaggregates amounts recognized in the consolidated income statement and the consolidated statement of comprehensive income into (a) insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as "net (expenses)/income from reinsurance contracts held". The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance revenue.

Insurance revenue and insurance service expenses exclude any investment components and are recognized as follows:

Insurance revenue — insurance contracts not measured under the PAA

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period;
- changes in the risk adjustment for non-financial risk relating to current services;
- amounts of the CSM recognized for the services provided in the period; and
- other amounts, including experience adjustments for premium receipts for current or past services.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts. The allocated amount is recognized as insurance revenue with the same amount recognized as insurance service expenses.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(xi) Presentation of insurance contracts (continued)

Release of the CSM — insurance contracts not measured under the PAA

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognizing in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

Insurance revenue — insurance contracts measured under the PAA

For groups of insurance contracts measured under the PAA, the Group allocated the expected premium into insurance revenue based on the (a) passage of time; or (b) the expected timing of the incurred expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

Loss component — insurance contracts not measured under PAA

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous group of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They exclude repayments of investment components and include the following:

- incurred claims, benefits, and other incurred directly attributable expenses;
- insurance acquisition cash flows amortization;
- losses on onerous contract or reversals of those losses; and
- changes that relate to past service.

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above. For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in general and administrative expenses or selling and marketing expenses in the profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ad) Insurance and investment contracts (continued)

(xi) Presentation of insurance contracts (continued)

Net (expenses)/income from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held based on the allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognizes an allocation of reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held.

For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For groups of reinsurance contracts held measured under the PAA, the Group recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts and reinsurance contracts held arising from the effect of the time value of money and changes in the time value of money, the effect of financial risk and changes in financial risk.

The Group presents insurance finance income or expenses for the insurance contracts measured under the VFA in profit or loss. Such insurance finance income or expenses includes changes in the measurement of the group of contracts impacted by the changes in the value of underlying items (excluding additions and withdrawals). It therefore has an offsetting impact to investment income earned on underlying assets backing insurance contracts, which include the gain or losses arising on assets measured at FVPL under the line “other income and gains, net”.

For the insurance contracts measured under the GMM, the Group disaggregates total insurance finance income or expenses between profit or loss and other comprehensive income. The amount recognized in profit or loss is determined by a systematic allocation of the expected total finance income or expenses over the duration of the group of insurance contracts. Insurance finance income or expenses presented in other comprehensive income, which reflects the effect of changes in discount rates on measurement of these insurance contracts, are accumulated in the insurance finance reserve. If the Group derecognizes these insurance contracts, its related remaining amount accumulated in insurance finance reserve is reclassified to profit or loss.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION

Financial assets in the consolidated statement of financial position include debt instruments as financial assets at amortized cost, financial assets at FVOCI, financial assets at FVPL, amounts receivables from associated companies and joint ventures, derivative financial instruments, trade and other receivables, investments related to unit-linked contracts and cash and bank balances. All these financial assets are carried at amortized cost using the effective interest method except for the "financial assets at FVOCI", "financial assets at FVPL", "derivative financial instruments" and financial assets at FVPL under "investments related to unit-linked contracts" which are carried at fair value.

Financial liabilities in the consolidated statement of financial position include borrowings and other interest-bearing liabilities, financial liabilities related to unit-linked contracts, financial liabilities at FVPL, derivative financial instruments, lease liabilities and trade and other payables. All these financial liabilities are carried at amortized cost using the effective interest method except for the "financial liabilities related to unit-linked contracts", "financial liabilities at FVPL" and "derivative financial instruments" which are carried at fair value.

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group is also exposed to insurance risk relating to the activities of its insurance business.

The Group has centralized treasury function for all of its subsidiaries in a manner consistent with the overall policies of the Group.

(a) Market risk

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets on a floating rate basis mainly include cash deposits and amounts due from associated companies and joint ventures. The Group's certain borrowings are on a floating rate basis, which will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk.

The Group is also exposed to fair value interest rate risk mainly in relation to the bond investments classified as financial assets at FVOCI and FVPL, derivative financial instruments, insurance contracts and financial liabilities at FVPL. Fair value interest rate risk is the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

Cross currency swap contracts, interest rate swap contracts and bond forward contracts are used to reduce the Group's underlying interest rate exposures.

The Group's interest rate risk policy requires it to manage the interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The Group's asset and liability management policy requires it to manage the interest rate risk by matching the assets with the liabilities, through various means including managing the effective duration of interest rate sensitive financial assets and financial liabilities.

Variable interest bearing financial assets and liabilities are mainly subject to an interest re-pricing risk of one year or below.

If interest rates had been 100 basis points (2025: 100 basis points) higher/lower with all other variables held constant, the Group's profit for the year would have been HK$73.8 million higher/lower (2025: HK$92.2 million higher/lower) respectively and the Group's other reserves would have been approximately HK$1.0 billion lower/higher (2025: HK$1.1 billion lower/higher) respectively.

The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to calculate the exposure to interest rate risk for financial instruments in existence at the end of the reporting period. The 100 basis points increase or decrease represents a reasonably possible change in the interest rates over the period until the end of the next reporting period.

(ii) Foreign exchange risk

The Group operates mainly in Hong Kong and the Chinese Mainland. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency, as well as net investment in foreign operations.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and enters into foreign exchange forward contracts and cross currency swap contracts to reduce the exposure should the need arises.

As at 30 June 2026, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in United States dollar of HK$20,727.3 million (2025: HK$20,970.9 million). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there is no significant foreign exchange risk with respect to the United States dollar. The Group also managed the currency risk against United States dollar through entering cross currency swap contracts and foreign exchange forward contracts.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

As at 30 June 2026, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in Renminbi of HK$233.8 million (2025: net monetary liabilities of HK$91.0 million) which the related foreign exchange risk has not been hedged. If Hong Kong dollar had strengthened/weakened by 5% against Renminbi with all other variables held constant, the Group's profit for the year would have been HK$11.7 million lower/higher (2025: HK$4.5 million higher/lower) respectively.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. Foreign exchange risk arises on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, and differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(iii) Price risk

The Group is exposed to securities price risk because the Group held listed and unlisted investments of which the fair value are subject to changes in market prices. Gains and losses arising from changes in the fair value of financial assets at FVOCI and FVPL are dealt with in other comprehensive income or consolidated income statement respectively. The performance of the Group's listed and unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

As at 30 June 2026, if the price of listed and unlisted investments, classified as financial assets at FVOCI and financial assets at FVPL (note 23), excluding the bond investments, had been 25% higher/lower with all other variables held constant, the Group's FVOCI reserve would have been HK$131.9 million (2025: HK$146.8 million) higher/lower respectively and profit for the year would have been HK$874.2 million (2025: HK$888.1 million) higher/lower respectively. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk

The credit risk of the Group mainly arises from debt instruments, deposits with banks, trade and other receivables, and balances receivable from group companies, including amounts due from associated companies and joint ventures. The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

The Group considers the probability of default from initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis by close monitoring against established credit policies in each of its business. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the assets, generally on individual basis, as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are generally incorporated:

- External credit rating (if any);
- Average default rate by independent external parties;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet their obligations; and
- Significant actual and expected changes in the performance and behavior of the counterparties, including changes in the payment status of counterparties in the Group and changes in the operating results of the counterparties.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. Financial assets are considered to be credit-impaired and written off when there is no reasonable expectation of recovery.

Deposits with banks are mainly placed with high-credit-quality financial institutions and the balances are considered to be of low credit risk. Debt instruments are issued mainly by financial institutions or investment counterparties of high quality. Further details in respect of credit ratings of debt instruments are disclosed in note 23 to the financial statements.

For trade receivables, retention money receivables and contract assets, expected credit loss allowance has been provided under lifetime expected credit loss assessment on individual basis with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward-looking factors specific to the counterparties and the economic environment. There is no concentration of credit risk with respect to trade receivables, retention money receivables and contract assets from third party customers as the customer bases are widely dispersed in different industries.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(b) Credit risk (continued)

To determine expected credit loss, the Group mainly refers to probability of default and recovery rate tables from Moody's study, which are derived based on default history of obligors with the same credit rating. The Group has also considered the forward-looking information by incorporating a set of weighted average different economic scenarios developed by Moody's.

In addition, the Group monitors the exposure to credit risk in respect of the amounts due from joint ventures and associated companies through exercising joint control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis. The Group determines the probability of default and recovery rate based on the underlying financial information, the actual and expected changes in business performance and general market default and recovery rate. The Group has also considered the forward-looking information by incorporating a set of different economic scenarios.

Impairment on debt instruments, cash and bank balances, amounts due from associated companies and joint ventures and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses.

The maximum exposure to credit risk is represented by the carrying amount of financial assets in the consolidated statement of financial position and financial guarantees as disclosed in note 40 to the financial statements.

(c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group also maintains undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements (including financing for the Group's capital commitments as detailed in note 39). The directors of the Company are of the view that the Group has sufficient resources to meet the Group's commitments and liabilities as and when they fall due.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date, except for the financial liabilities related to unit-linked contracts where these unit-linked contracts typically include options for policyholders to surrender early, often subject to surrender or other penalties. The Group's investments related to unit-linked contracts are held for backing the liabilities to the policyholders.

The amounts disclosed in the table are the contractual undiscounted cash outflow/(inflow).

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

As at 30 June 2026

Non-derivative financial liabilities

HK$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Unit-linked
Trade payables	37	985.8	985.8	985.8	–	–	–
Retention money payables and other payables		8,218.4	8,218.4	5,382.4	2,822.3	13.7	–
Amount due to an associated company	37	9.9	9.9	9.9	–	–	–
Amount due to a joint venture	37	264.6	264.6	264.6	–	–	–
Amount due to non-controlling interests	37	26.4	26.4	26.4	–	–	–
Financial liabilities related to unit-linked contracts	27(b)	4,364.5	4,364.5	–	–	–	4,364.5
Borrowings and other interest-bearing liabilities	35	32,415.2	35,218.0	8,979.0	25,567.7	671.3	–
Financial liabilities at FVPL	36	2,183.5	2,243.0	16.7	2,226.3	–	–
Lease liabilities	38	550.1	575.6	254.3	321.3	–	–

Derivative financial liabilities

HK$'m	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Trading and non-hedging instruments	122.8	46.8	(18.4)	94.4
Hedging instruments (net settlement)	910.2	578.2	332.0	–

Apart from the derivative financial liabilities disclosed above, the Group's insurance business also held bond forward contracts as detailed in note 24(c).

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

As at 30 June 2025

Non-derivative financial liabilities

HK$'m	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years	Unit-linked
Trade payables	37	943.0	943.0	943.0	–	–	–
Retention money payables and other payables		11,229.3	11,229.3	8,997.3	2,230.3	1.7	–
Amount due to an associated company	37	12.9	12.9	12.9	–	–	–
Amount due to a joint venture	37	241.5	241.5	241.5	–	–	–
Financial liabilities related to unit-linked contracts	27(b)	4,183.6	4,183.6	–	–	–	4,183.6
Borrowings and other interest-bearing liabilities	35	34,861.8	37,344.7	10,269.7	25,122.2	1,952.8	–
Lease liabilities	38	716.9	761.1	265.3	495.4	0.4	–

Derivative financial liabilities

HK$'m	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year but within 5 years	Over 5 years
Trading and non-hedging instruments	86.7	36.1	(43.3)	93.9
Hedging instruments (net settlement)	766.5	186.9	579.6	–
Hedging instruments (gross settlement)				
Cash inflow	(5.3)	(0.4)	(4.9)	–
Cash outflow	5.5	0.4	5.1	–

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

The major liquidity risks the Group's insurance business confronts are the daily calls on its available cash resources in respect of benefit payments arising from insurance and investment contracts.

The table below presents the estimated amounts (on a discounted basis) and timing of cash outflow/(inflow) arising from insurance contract liabilities and reinsurance contract liabilities. The Group's insurance business has to meet daily calls on its cash requirements, primarily due to payments arising from its insurance and reinsurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due at a reasonable cost. The Group's insurance business manages this risk by monitoring and maintaining an appropriate cash position to ensure it can meet these obligations.

As at 30 June 2026

HK$'m	Total discounted cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Insurance contract liabilities	**82,629.6**	**1,160.4**	**2,942.0**	**78,527.2**

As at 30 June 2025

HK$'m	Total discounted cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Insurance contract liabilities	68,249.2	522.6	(2,392.2)	70,118.8

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(d) Asset-liability management framework

The Group's insurance business exposes to financial risks arising from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. One of the main risks that the Group's insurance business faces due to the nature of its investments and liabilities is interest rate risk. The Group's insurance business manages these positions within an asset-liability management ("ALM") framework that is developed to manage the financial risks and liquidity risk taken under insurance and investment contracts with the risk appetite. The principal technique of ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

ALM also forms an integral part of the insurance risk management policy in order to ensure in each period sufficient cash flows are available to meet liabilities arising from insurance and investment contracts.

(e) Regulatory framework of the Group's insurance business

The operations of the Group's insurance business are subject to regulatory requirements. The Group's insurance business is required to maintain an appropriate solvency position to meet unforeseen liabilities arising from economic shocks and/or natural disasters.

(f) Investment objectives and policies

The Group's insurance business adopts an investment strategy designed to generate sustainable risk-adjusted returns over the long term while preserving capital strength and supporting the fulfilment of its obligations to policyholders. The strategy seeks to balance investment return objectives with prudent risk management, aiming to reduce earnings volatility and maintain financial resilience across different market cycles.

Fixed income securities continue to represent the core component of the investment portfolio of the Group's insurance business and serve as the primary source of recurring investment income. Given the long-term nature of insurance liabilities, the fixed income portfolio plays a critical role in ALM, providing stable cash flows, supporting solvency requirements and enhancing the predictability of investment outcomes. The portfolio is diversified across a range of issuers, sectors and maturities, with a focus on maintaining an appropriate balance between yield enhancement, credit quality and liquidity. To further enhance long-term returns and support portfolio diversification, the Group's insurance business invests selectively in other asset classes, for example, listed equities, investment funds, alternative investments and other financial instruments. These investments provide exposure to broader sources of return and are intended to complement the fixed income portfolio by improving overall portfolio efficiency and diversification. The allocation across asset classes is determined with reference to prevailing market conditions, expected risk-return characteristics, liquidity considerations and the liability profile of the business. ESG considerations are fully integrated into the investment decision-making process. Through negative screening, investments in sectors that are not aligned with ESG principles, such as tobacco, controversial weapons, and coal businesses, are subject to exclusions.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(f) Investment objectives and policies (continued)

The Group's insurance business also maintains a robust investment risk management framework to ensure that investment activities are conducted in a disciplined and prudent manner. The framework incorporates comprehensive policies and procedures, clearly defined risk appetite and limits, regular monitoring and reporting, and independent oversight mechanisms. Key risk metrics cover areas such as counterparty concentration, geographic exposures, industry sector concentrations, market risk sensitivities, and liquidity risk. These controls are designed to preserve portfolio quality, limit excessive risk concentrations, and maintain its capacity to meet policyholder obligations under a range of market conditions. Investment-related risks, including market, credit, counterparty and liquidity risks, are managed within the broader enterprise risk management framework. Through established risk governance processes, these risks are systematically identified, assessed, monitored and reported, enabling timely management actions where necessary.

Investment activities are subject to defined limits, including limits on single counterparty exposures, country concentrations, and industry sector concentrations. Compliance with these limits is monitored on a regular basis and reported to the relevant governance committees. Counterparty exposures are generally monitored with reference to factors including credit ratings, financial strength, and movements in market values. Compliance with risk appetite and risk tolerance are also monitored regularly.

Investment activities and risk profile of the Group's insurance business are overseen through its delegated committees, including the Risk Committee and the Investment Committee. These committees regularly review investment performance, portfolio positioning, risk exposures and compliance with approved investment policies and risk appetite limits. Day-to-day investment management responsibilities are delegated to the management team and the investment function within clearly defined authority limits. Investment decisions are executed in accordance with established policies, governance standards, and risk parameters, ensuring a disciplined investment approach that supports its long-term growth, financial strength and ability to deliver sustainable value to its policyholders and shareholders.

(g) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may issue or repurchase shares, issue or redeem perpetual capital securities or raise new debt financing.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Capital management (continued)

The Net Gearing Ratio as at 30 June was as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Total borrowings and other interest-bearing liabilities	35	**(32,415.2)**	(34,861.8)
Add: Cash and bank balances	28	**20,760.7**	20,210.7
Net Debt*		**(11,654.5)**	(14,651.1)

The decrease in Net Debt was mainly due to proceeds from issuance of the 0.75% Exchangeable Bonds, classification of Net Debt of Hunan Changliu Expressway as assets and liabilities held-for-sale, full conversion of the 2.8% Convertible Bonds, proceeds from disposal of certain non-core investments and net operating cash inflow, partly offset by certain acquisitions and capital expenditures and payment of dividends during the current year.

	2026 HK$'m	2025 HK$'m
Net Debt per above	**(11,654.5)**	(14,651.1)
Total equity	**42,091.4**	39,881.7
Net Gearing Ratio*	**28%**	37%

The Group's insurance business has an internal risk management framework for identifying risks to which it exposed to. The internal framework estimates and indicates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests on the capital position of the business.

The Group's insurance business aims at maintaining a solvency position higher than the 100% minimum regulatory requirement required by the Insurance Authority ("IA") to ensure an adequate surplus position. Further objectives are set by the Group's insurance business to maintain a strong credit rating and healthy capital ratios in order to support its business.

* If the financial liabilities at FVPL were included as debt, the net debt and net gearing ratio would be HK$13,838.0 million and 33% as at 30 June 2026 respectively.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Capital management (continued)

The Group's insurance business manages its capital requirements by assessing probable shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's insurance business activities.

The Group's insurance business fully complied with capital requirements imposed by the IA throughout the reporting period.

(h) Insurance risk

The Group's insurance business is in the business of insuring the customers against the risk of mortality, morbidity, disability, critical illness, accidents and related risks. Insurance risk refers to the risks of adverse deviations of risks assumed from expectation. It also includes changes to actuarial assumptions regarding future experience for these risks.

The Group's insurance business establishes underwriting and claim practices and procedures which meet the highest industry standards, with support from reputable international reinsurers.

The Group's insurance business manages impacts from the volatilities of claims and insurance risk concentration by establishing retention limits and entering into catastrophic reinsurance to limit its exposure to large claims on any single insured or event as an effective means of insurance risk mitigation. It retains a maximum of US$150,000 for each risk it insures, with the excess being reinsured through surplus treaties, coinsurance treaties, facultative reinsurance and quota share arrangements with reputable international reinsurers. Governance process is set up to approve exceptions. The catastrophic reinsurance in place covers losses due to a single catastrophic event exceeding a predetermined level.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Insurance risk (continued)

(i) Key assumptions

Liabilities on insurance contracts offered by the Group are predominantly conventional whole life insurance for which premiums are paid for a limited period of time or the whole of life, with fixed benefits paid upon death and surrender benefits increasing with the duration of policy.

Some plans provide for guaranteed periodic payments. Most of the whole life insurance products are entitled to annual dividends and some with terminal dividend upon policy termination.

The key assumptions used for the determination of future liabilities for most products are detailed below:

As at 30 June 2026

Mortality rates	For products with full underwriting, 78% 2018 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 78% 2018 Hong Kong Assured Life Mortality tables for males and females.
Morbidity rates	Based on Group's experience
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

As at 30 June 2025

Mortality rates	For products with full underwriting, 81% 2018 Hong Kong Assured Life Mortality tables for males and females, with selection factor 50% at year 1 and 75% at year 2. For products without full underwriting, 81% 2018 Hong Kong Assured Life Mortality tables for males and females.
Morbidity rates	Based on Group's experience
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Insurance risk (continued)

(ii) Sensitivities

The sensitivity analyses below have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all the other assumptions constant.

As at 30 June 2026

		Increase/ (decrease) in profit before income tax HK$'m	Increase/ (decrease) in total equity (before the effects of taxation) HK$'m
Sensitivity analysis before risk mitigation by reinsurance			
Mortality rates	+10%	**(27.8)**	**(25.6)**
Morbidity rates	+10%	**(22.9)**	**(15.2)**
Expenses	+10%	**(12.2)**	**(5.6)**
Lapse and surrenders rates	+10%	**(37.8)**	**(27.6)**
Sensitivity analysis after risk mitigation by reinsurance			
Mortality rates	+10%	**(17.8)**	**(20.1)**
Morbidity rates	+10%	**(10.2)**	**(26.9)**
Expenses	+10%	**(12.1)**	**(5.5)**
Lapse and surrenders rates	+10%	**(37.2)**	**(26.7)**

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Insurance risk (continued)

(ii) Sensitivities (continued)

As at 30 June 2025

		Increase/ (decrease) in profit before income tax HK$'m	Increase/ (decrease) in total equity (before the effects of taxation) HK$'m
Sensitivity analysis before risk mitigation by reinsurance			
Mortality rates	+10%	(25.3)	(24.1)
Morbidity rates	+10%	(21.5)	(17.6)
Expenses	+10%	(12.6)	(8.7)
Lapse and surrenders rates	+10%	(45.6)	(39.0)
Sensitivity analysis after risk mitigation by reinsurance			
Mortality rates	+10%	(14.9)	(14.6)
Morbidity rates	+10%	(4.9)	(22.6)
Expenses	+10%	(12.5)	(8.7)
Lapse and surrenders rates	+10%	(43.6)	(37.4)

(i) Fair value estimation

The carrying amounts and fair value disclosures of the financial instruments of the Group are as follows:

(i) Listed investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. Unlisted investments are stated at fair values which are based on quoted market price or estimated using other prices observed in recent transactions or valuation techniques when the market is not readily available.

(ii) The fair value of unlisted long-term financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(iii) The carrying values of bank balances, short-term receivables and payables approximate their fair values due to the short-term maturities of these assets and liabilities.

(iv) The fair values of debt instruments as financial assets at amortized cost are detailed in note 23(a)(i).

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value estimation (continued)

(v) The following table presents the Group's financial instruments, including "financial assets at FVOCI", "financial assets at FVPL", "derivative financial instruments", financial assets at FVPL under "investments related to unit-linked contracts", "financial liabilities related to unit-linked contracts" and "financial liabilities at FVPL", that are measured at fair value at 30 June 2026 and 30 June 2025 respectively:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Management determined the fair value of these financial assets within Level 2 and Level 3 as follows:

- The fair value of forward contracts is determined by discounting the contractual future cash flows. The discount rate used is derived from the relevant swap curve as at the reporting date, with potential adjustment made for various collateralization agreements when appropriate;
- The fair value of cross currency swap contracts is determined by discounting the contractual future cash flows. The exchange rate and discount rate used are derived from the relevant foreign exchange forward rates and swap curve as at the reporting date, with potential adjustment made for various collateralization agreements when appropriate;
- For investments in unlisted investment funds, management discussed with the respective fund managers to understand the performance of the underlying investments and fair value measurement basis conducted by the respective fund managers in order to evaluate whether the fair values as stated in the fund statements at the end of reporting period is appropriate;
- For investments in equity and debt instruments with recent transactions, management determined the fair value at the end of reporting period with reference to recent transaction prices of these financial assets. Investments in bonds are classified as Level 2 financial instruments if there was no active market for such instruments;
- For investments in equity and debt instruments without recent transactions, management has established fair values of these investments by using appropriate valuation techniques such as discounted cash flow with the credit risk of the issuer taken into consideration for investments in bonds and the purchase price paid by the Group with consideration to the latest financial information, movement of market comparable/market indices and the latest business development of the investee companies, where applicable. Independent external valuer has been involved in determining the fair value, when appropriate;

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value estimation (continued)

(v) (continued)

- The fair value of contingent consideration receivables classified as derivative financial instruments is estimated by an independent external valuer, by discounting the estimated future cash flows taken into consideration of latest financial information and business development as well as the volatilities and drift rates of the acquiree, with the discount rate determined by the estimated weighted average of cost of capital of the acquiree. Fair value measurement of the derivative is negatively correlated with the estimated future cash flows of the acquiree;

- The fair value of exchangeable bonds classified as financial liabilities at FVPL is estimated using binomial model which represents different possible paths that might be followed by the value of the exchange property (as detailed in note 36) over the life of the exchangeable bonds, taking into consideration of risk-free rate, the latest market value and volatilities on market value of the exchange property. Fair value measurement of the exchangeable bond is positively correlated with the market value of the exchange property; and

- The fair values of "financial liabilities related to unit-linked contracts" are determined with reference to the accumulation value.

As at 30 June 2026

HK$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Debt instruments	**7,730.5**	**2,937.5**	**–**	**10,668.0**
— Equity instruments	**515.9**	**–**	**23.6**	**539.5**
Financial assets at FVPL				
— Debt instruments	**50,729.9**	**4,152.3**	**1,264.5**	**56,146.7**
— Equity instruments	**2,128.3**	**–**	**155.1**	**2,283.4**
— Investment funds	**24,089.3**	**–**	**6,867.0**	**30,956.3**
Derivative financial instruments	**–**	**108.6**	**210.7**	**319.3**
Investments related to unit-linked contracts				
— Investment funds	**11,114.7**	**–**	**–**	**11,114.7**
	96,308.6	**7,198.4**	**8,520.9**	**112,027.9**
Liabilities				
Financial liabilities at FVPL	**–**	**–**	**(2,183.5)**	**(2,183.5)**
Derivative financial instruments	**–**	**(1,224.4)**	**–**	**(1,224.4)**
Financial liabilities related to unit-linked contracts	**–**	**(4,364.5)**	**–**	**(4,364.5)**
	–	**(5,588.9)**	**(2,183.5)**	**(7,772.4)**

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value estimation (continued)

(v) (continued)

As at 30 June 2025

HK$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Debt instruments	9,624.9	3,032.0	–	12,656.9
— Equity instruments	555.6	–	23.6	579.2
Financial assets at FVPL				
— Debt instruments	43,543.4	3,227.0	1,420.6	48,191.0
— Equity instruments	1,954.8	–	140.7	2,095.5
— Investment funds	14,476.5	0.4	5,125.0	19,601.9
Derivative financial instruments	–	60.8	195.0	255.8
Investments related to unit-linked contracts				
— Investment funds	9,632.4	51.0	–	9,683.4
	79,787.6	6,371.2	6,904.9	93,063.7
Liabilities				
Derivative financial instruments	–	(1,267.2)	–	(1,267.2)
Financial liabilities related to unit-linked contracts	–	(4,183.6)	–	(4,183.6)
	–	(5,450.8)	–	(5,450.8)

Assets are transferred into or out of Level 1 based on whether they are transacted with sufficient frequency and volume in an active market. During the current year, there are transfer of assets relating to the Group's insurance business as financial assets at FVPL with fair value of HK$65.8 million from Level 2 to Level 1 hierarchy. During FY2025, there were transfers of assets relating to the Group's insurance business as financial assets at FVPL with fair value of HK$600.8 million and financial assets at FVOCI with fair value of HK$676.9 million from Level 1 to Level 2 hierarchy.

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value estimation (continued)

(v) (continued)

The following table presents the changes in Level 3 financial instruments:

	Assets			Liabilities
HK$'m	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments	Financial liabilities at FVPL
As at 1 July 2025	**23.6**	**6,686.3**	**195.0**	**–**
Translation differences	**–**	**45.9**	**–**	**–**
Purchases/issuance	**–**	**2,112.4**	**–**	**(2,253.5)**
Disposals/derecognized	**–**	**(1,177.9)**	**–**	**–**
Net fair value change recognized in consolidated income statement	**–**	**619.9**	**15.7**	**70.0**
As at 30 June 2026	**23.6**	**8,286.6**	**210.7**	**(2,183.5)**
Net unrealized fair value gain recognized in consolidated income statement relating to balances held as at 30 June 2026	**–**	**653.8**	**15.7**	**70.0**

4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value estimation (continued)

(v) (continued)

	Assets		
HK$'m	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments
As at 1 July 2024	4.5	6,058.4	–
Translation differences	–	14.0	–
Acquisition of subsidiaries	–	–	195.0
Purchases	–	1,018.6	–
Disposals/derecognized	–	(756.9)	–
Net fair value change recognized in other comprehensive income	19.1	–	–
Net fair value change recognized in consolidated income statement	–	352.2	–
As at 30 June 2025	23.6	6,686.3	195.0
Net unrealized fair value gain recognized in consolidated income statement relating to balances held as at 30 June 2025	–	366.3	–

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. The estimates and assumptions that have a significant effect on carrying amounts of assets and liabilities are as follows:

(a) Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

For financial assets at FVOCI and financial assets at FVPL with quoted market price, management determined fair value based on quoted market price. The fair value of those financial assets at FVOCI or FVPL that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods as detailed in note 4(i)(v).

(b) Measurement of insurance contracts not measured under the PAA

Estimates of present value of future cash flows

The estimates of future cash flows requires the use of appropriate actuarial methodologies and also various economic and operational assumptions. The assumptions used include discount rates, mortality and morbidity rates, lapse and partial lapse rates, persistency, expenses, inflation, policy dividend and fund growth rate. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables that reflect historical mortality experience, adjusted, where appropriate, to reflect the Group's unique risk exposure. The estimated number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover by reserves, which in return is monitored against the current and future premiums. Lapse rates are based on the historical experience of the Group. Expenses are based on the renewal compensation cost structure and the maintenance expenses level of the Group.

The estimates of future cash flows are adjusted using discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The bottom-up approach has been adopted for the derivation of discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free yield was derived using swap rates available in the market or sovereign bonds denominated in the same currency. Management uses judgement to assess liquidity characteristics of the liability cash flows.

Estimates for discount rates, mortality rates, morbidity rates, lapse rates and expenses are determined at the date of acquisition, where applicable, and at the initial recognition of the insurance contract and are used to calculate the liability over the term of the contract. At each reporting date, these estimates are reassessed and changes will be reflected in adjustments to the liability, as appropriate. Details of the key assumptions are included in notes 4(h)(i) and 34.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Measurement of insurance contracts not measured under the PAA (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique. The Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile over the expected present value of the future cash flows.

(c) Valuation of investment properties

The fair value of each investment property is individually determined at the end of each reporting period by management or by independent external valuers based on recognized valuation methodologies. Under sales comparison method, fair value is based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, income approach or other approaches where appropriate. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

(d) Impairment of the Group's investments in associated companies and joint ventures

In accordance with the requirements under HKAS 28 "Investments in Associates and Joint Ventures" and HKAS 36 "Impairment of Assets", management regularly reviews whether there are any indications of impairment of the Group's investments in associated companies and joint ventures and assesses the recoverable amounts based on value in use calculations or fair value less cost of disposal approach where necessary. In determining the value in use, management assesses the present value of estimated future cash flows expected to arise from their businesses. Estimates and judgements are applied in determining these future cash flows and discount rate. The assumptions include discount rate and future revenue growth, which would be affected by selling price, market development and other relevant economic factors.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Impairment of property, plant and equipment, goodwill and financial assets at FVOCI and amortized cost

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts of property, plant and equipment have been determined based on the higher of their fair values less costs of disposal and value in use, taking into account the latest market information and past experience.

The Group tests annually whether goodwill has suffered any impairment according to its recoverable amount determined by the CGU based on either fair value less cost of disposal or value in use calculations whichever is higher. These calculations require the use of estimates which are subject to changes of economic environment in future.

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

(f) Estimated volume of Infrastructures of public services

The amortization for intangible concession rights and impairment assessment of Infrastructures for public services using discounted cash flow model are affected by the estimated volume for public services. Management performs annual reviews to assess the appropriateness of estimated volume by making reference to independent professional studies, if necessary.

The traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads and the existence of other means of transportation. The growth of the traffic flow is also highly tied to the future economic and transportation network development of the area in which the Infrastructures serve. The growth in future traffic flow projected by the management is highly dependent on the realization of the aforementioned factors.

(g) Estimate of revenue for construction contracts

For revenue from construction work that is recognized over time, the Group recognizes such revenue by reference to the progress of satisfying the performance obligation at the reporting date. This is measured based on the Group's costs incurred up to the reporting date and budgeted costs which depict the Group's performance towards satisfying the performance obligation. Significant estimates and judgements are required in determining the accuracy of the budgets. In making the above estimation, the Group conducts periodic review on the budgets and makes reference to past experience and work of internal quantity surveyors.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(h) Classification of property, plant and equipment and investment properties

The Group classifies property, plant and equipment and investment properties based on whether the property is more likely to earn rental and whether the ancillary services are significant to the arrangement as a whole after taking into consideration of the latest income mix and business model of the property, and the relevant market trend.

(i) Determining coverage units for recognition of the contractual service margin in insurance revenue

The CSM of a group of contracts is recognized as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

6 REVENUE AND SEGMENT INFORMATION

The Group's revenue is analyzed as follows:

2026

HK$'m	Hong Kong	The Chinese Mainland	Total
Financial Services	**4,752.4**	**–**	**4,752.4**
Roads	**–**	**2,777.8**	**2,777.8**
Logistics	**–**	**144.2**	**144.2**
Construction	**17,915.8**	**–**	**17,915.8**
Facilities Management	**1,492.6**	**16.9**	**1,509.5**
	24,160.8	**2,938.9**	**27,099.7**

2025

HK$'m	Hong Kong	The Chinese Mainland	Total
Financial Services	4,080.6	–	4,080.6
Roads	–	2,778.7	2,778.7
Logistics	–	142.1	142.1
Construction	15,359.0	–	15,359.0
Facilities Management	1,905.5	19.4	1,924.9
	21,345.1	2,940.2	24,285.3

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from insurance business is further analyzed as follows:

	Note	**2026 HK$'m**	2025 HK$'m
CSM recognized for services provided		**1,368.4**	1,130.1
Change in risk adjustment for non-financial risk for risk expired		**15.1**	(3.6)
Expected incurred claims and other insurance service expenses		**1,769.5**	1,652.7
Recovery of insurance acquisition cash flows		**1,234.7**	938.9
Others		**179.1**	172.9
Amounts related to changes in liabilities for remaining coverage	34	**4,566.8**	3,891.0
Fee income on insurance and investment contracts		**173.9**	178.2
General insurance commission under agency agreements		**11.7**	11.3
Others		**–**	0.1
Fee and commission income		**185.6**	189.6
		4,752.4	4,080.6

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions in accordance with HKFRS 8 "Operating Segments". The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers the businesses of the Group from product and service perspectives, which comprised (i) Financial Services; (ii) Roads; (iii) Logistics; (iv) Construction; (v) Facilities Management; and (vi) Strategic Investments.

The Executive Committee assesses the performance of the operating segments based on a measure of Attributable Operating Profit (including share of results from associated companies and joint ventures). This measurement basis excludes the effects of non-operating and unallocated corporate office items. Corporate interest income, finance costs and expenses are not allocated to segments.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2026 and related comparative figures is as follows:

HK$'m	Financial Services	Roads	Logistics	Construction	Facilities Management	Strategic Investments	Total	
2026								
Total revenue	4,754.1	2,777.8	144.2	17,915.8	1,514.6	–	27,106.5	
Inter-segment	(1.7)	–	–	–	(5.1)	–	(6.8)	
Revenue — external	4,752.4	2,777.8	144.2	17,915.8	1,509.5	–	27,099.7	
Revenue from contracts with customers								
Recognized at a point in time	–	2,777.8	–	–	192.3	–	2,970.1	
Recognized over time	185.6	–	–	17,915.8	1,317.2	–	19,418.6	
	185.6	2,777.8	–	17,915.8	1,509.5	–	22,388.7	
Revenue from other sources	4,566.8	–	144.2	–	–	–	4,711.0	
	4,752.4	2,777.8	144.2	17,915.8	1,509.5	–	27,099.7	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	1,438.3	827.0	72.8	627.9	171.8	204.1	3,341.9	
Associated companies	36.4	161.5	8.7	61.0	(84.0)	141.8	325.4	
Joint ventures	–	454.3	563.5	–	–	(94.5)	923.3	
	1,474.7	1,442.8	645.0	688.9	87.8	251.4	4,590.6	
Reconciliation								
Non-operating items								
Loss on fair value of investment properties, net of tax							(268.6)	(i)
Remeasurement and impairments							(235.8)	(ii)
Loss on disposal of a project							(116.3)	(iii)
Share of non-operating income of an associated company and joint ventures, net							25.4	
Gain on fair value of exchangeable bonds							70.0	(iv)
Share-based payment (note 10(a))							(77.0)	
Unallocated corporate office items								
Net finance costs							(1,048.8)	
Expenses and others							(367.7)	
Profit for the year after tax and non-controlling interests							2,571.8	
Profit attributable to holders of perpetual capital securities							(179.2)	
Profit attributable to shareholders of the Company							2,392.6	

(i) Loss on fair value of investment properties recognized in the consolidated income statement is HK$115.5 million (note 8), in which losses of HK$49.0 million is recognized as part of Attributable Operating Profit in various reportable segments. The amount also includes loss on fair value of an investment property shared from a joint venture of HK$187.1 million (net of tax) which is included in "share of results of joint ventures" and loss on fair value of an investment property shared from an associated company of HK$15.8 million which is included in "share of results of associated companies".

(ii) The amount mainly represents impairment loss on intangible concession rights of HK$105.0 million (note 17), remeasurement loss on assets classified as held-for-sale of HK$73.7 million (note 29) and impairment loss related to an associated company of HK$37.2 million (note 21(c)) which are included in "other income and gains, net".

(iii) The amount represents loss on partial disposal of interest in an associated company of HK$116.3 million (note 21(c)) which is included in "other income and gains, net".

(iv) The amount is included as fair value change of financial liabilities at FVPL in "other income and gains, net" (note 8).

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2026 and related comparative figures is as follows: (continued)

HK$'m	Financial Services	Roads	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
2026								
Amortization of intangible assets	**100.1**	**–**	**–**	**6.5**	**31.2**	**–**	**–**	**137.8**
Amortization of intangible concession rights	**–**	**1,195.8**	**–**	**–**	**–**	**–**	**–**	**1,195.8**
Depreciation of property, plant and equipment	**23.4**	**99.9**	**0.1**	**55.0**	**144.8**	**0.1**	**14.8**	**338.1**
Depreciation of right-of-use assets	**103.0**	**0.4**	**0.6**	**46.4**	**88.6**	**–**	**9.1**	**248.1**
Insurance finance expenses	**6,553.3**	**–**	**–**	**–**	**–**	**–**	**–**	**6,553.3**
Net (gain)/loss on fair value of financial assets at FVPL	**(2,299.2)**	**–**	**–**	**1.7**	**–**	**(281.8)**	**–**	**(2,579.3)**
Interest income	**(3,164.5)**	**(67.1)**	**(19.4)**	**(20.1)**	**(69.6)**	**(20.4)**	**(291.9)**	**(3,653.0)**
Finance costs	**11.9**	**75.6**	**10.4**	**40.6**	**13.4**	**1.6**	**1,340.7**	**1,494.2**
Income tax expenses	**155.1**	**333.3**	**30.1**	**107.6**	**20.7**	**55.4**	**–**	**702.2**
Additions to assets (remark)	**174.2**	**39.6**	**1,171.4**	**221.3**	**95.7**	**123.5**	**7.2**	**1,832.9**
As at 30 June 2026								
Company and subsidiaries	**125,312.4**	**14,041.7**	**4,687.6**	**9,998.9**	**2,735.4**	**3,116.6**	**9,561.3**	**169,453.9**
Associated companies	**350.7**	**2,672.0**	**245.2**	**188.2**	**145.3**	**1,561.7**	**2.5**	**5,165.6**
Joint ventures	**–**	**5,967.9**	**9,450.7**	**15.0**	**–**	**828.4**	**276.1**	**16,538.1**
Total assets	**125,663.1**	**22,681.6**	**14,383.5**	**10,202.1**	**2,880.7**	**5,506.7**	**9,839.9**	**191,157.6**
Total liabilities	**99,556.4**	**4,652.7**	**696.5**	**8,733.9**	**773.8**	**216.2**	**34,436.7**	**149,066.2**

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2026 and related comparative figures is as follows: (continued)

HK$'m	Financial Services	Roads	Logistics	Construction	Facilities Management	Strategic Investments	Total	
2025								
Total revenue	4,082.0	2,778.7	142.1	15,359.0	1,931.9	–	24,293.7	
Inter-segment	(1.4)	–	–	–	(7.0)	–	(8.4)	
Revenue — external	4,080.6	2,778.7	142.1	15,359.0	1,924.9	–	24,285.3	
Revenue from contracts with customers								
Recognized at a point in time	–	2,778.7	–	–	705.9	–	3,484.6	
Recognized over time	189.6	–	–	15,359.0	1,219.0	–	16,767.6	
	189.6	2,778.7	–	15,359.0	1,924.9	–	20,252.2	
Revenue from other sources	3,891.0	–	142.1	–	–	–	4,033.1	
	4,080.6	2,778.7	142.1	15,359.0	1,924.9	–	24,285.3	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	1,242.1	829.1	86.1	655.3	200.5	192.2	3,205.3	
Associated companies	–	216.3	(7.5)	64.0	(112.0)	79.4	240.2	
Joint ventures	–	394.0	661.8	–	–	(35.1)	1,020.7	
	1,242.1	1,439.4	740.4	719.3	88.5	236.5	4,466.2	
Reconciliation								
Non-operating items								
Loss on fair value of investment properties							(447.9)	(v)
Impairments and provisions, net							(645.5)	(vi)
Net loss on disposal of projects							(152.8)	(vii)
Share of non-operating income of a joint venture, net							575.7	(viii)
Share-based payment (note 10(a))							(24.3)	
Unallocated corporate office items								
Net finance costs							(1,010.1)	
Expenses and others							(397.0)	
Profit for the year after tax and non-controlling interests							2,364.3	
Profit attributable to holders of perpetual capital securities							(202.3)	
Profit attributable to shareholders of the Company							2,162.0	

(v) Loss on fair value of investment properties recognized in the consolidated income statement was HK$582.7 million (note 8), in which losses of HK$131.2 million is recognized as part of Attributable Operating Profit in various reportable segments.

(vi) The amount mainly represented share of impairment loss of a joint venture of HK$328.1 million which was included in "share of results of joint ventures" and impairment loss on intangible concession rights of HK$311.9 million (note 17) which was included in "other income and gains, net".

(vii) The amount mainly represented profit on disposal of assets held-for-sale of HK$42.7 million (note 8) which was included in "other income and gains, net" and share of loss from a joint venture of HK$206.3 million associated with its disposals of subsidiaries, including the related release of reserves, which was included in "share of results of joint ventures".

(viii) The amount represented share of non-operating income of a joint venture of HK$607.8 million less professional fee incurred, which was included in "share of results of joint ventures".

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) The information of the reportable segments provided to the Executive Committee for FY2026 and related comparative figures is as follows: (continued)

HK$'m	Financial Services	Roads	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
2025								
Amortization of intangible assets	85.0	–	–	4.0	31.2	–	–	120.2
Amortization of intangible concession rights	–	1,136.8	–	–	–	–	–	1,136.8
Depreciation of property, plant and equipment	29.4	99.5	0.1	54.3	111.7	0.1	14.9	310.0
Depreciation of right-of-use assets	106.8	0.3	0.6	40.1	89.9	–	9.0	246.7
Insurance finance expenses	5,223.4	–	–	–	–	–	–	5,223.4
Net (gain)/loss on fair value of financial assets at FVPL	(2,531.2)	–	–	1.9	–	(144.8)	–	(2,674.1)
Interest income	(3,007.6)	(57.8)	(2.1)	(33.3)	(98.8)	(73.5)	(278.6)	(3,551.7)
Finance costs	17.5	99.3	7.7	38.5	18.4	0.2	1,288.7	1,470.3
Income tax expenses/(credit)	119.2	373.8	10.3	129.5	33.7	(0.2)	–	666.3
Additions to assets (remark)	385.4	56.2	16.3	329.6	109.7	–	3.1	900.3
As at 30 June 2025								
Company and subsidiaries	110,327.9	14,130.6	2,950.2	10,107.6	2,558.1	3,202.3	8,747.1	152,023.8
Associated companies	–	2,392.6	264.2	167.8	183.4	1,709.4	2.7	4,720.1
Joint ventures	–	5,543.2	9,454.8	–	–	893.9	259.8	16,151.7
Total assets	110,327.9	22,066.4	12,669.2	10,275.4	2,741.5	5,805.6	9,009.6	172,895.6
Total liabilities	85,582.9	4,810.6	317.8	8,873.4	864.5	72.2	32,492.5	133,013.9

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Additional information of assets and liabilities by the following line items:

As at 30 June 2026

HK$'m	Non-financial services and corporate	Financial services	Total
Assets			
Intangible assets	**270.2**	**5,907.2**	**6,177.4**
Intangible concession rights	**6,178.4**	**–**	**6,178.4**
Investment properties	**5,812.1**	**501.4**	**6,313.5**
Associated companies	**4,814.9**	**350.7**	**5,165.6**
Joint ventures	**16,538.1**	**–**	**16,538.1**
Insurance contract assets	**–**	**1,341.7**	**1,341.7**
Reinsurance contract assets	**–**	**104.5**	**104.5**
Debt instruments as financial assets at amortized cost	**–**	**1,272.1**	**1,272.1**
Financial assets at FVOCI	**618.3**	**10,589.2**	**11,207.5**
Financial assets at FVPL	**2,713.0**	**86,673.4**	**89,386.4**
Trade and other receivables	**8,279.9**	**504.9**	**8,784.8**
Investments related to unit-linked contracts	**–**	**11,148.1**	**11,148.1**
Cash and bank balances	**13,782.9**	**6,977.8**	**20,760.7**
Assets held-for-sale	**4,483.4**	**–**	**4,483.4**
Others	**2,003.3**	**292.1**	**2,295.4**
	65,494.5	**125,663.1**	**191,157.6**
Liabilities			
Insurance contract liabilities	**–**	**93,743.5**	**93,743.5**
Financial liabilities related to unit-linked contracts	**–**	**4,364.5**	**4,364.5**
Borrowings and other interest-bearing liabilities	**32,102.4**	**312.8**	**32,415.2**
Financial liabilities at FVPL	**2,183.5**	**–**	**2,183.5**
Trade and other payables	**9,963.2**	**429.7**	**10,392.9**
Liabilities directly associated with assets held-for-sale	**2,499.5**	**–**	**2,499.5**
Others	**2,761.2**	**705.9**	**3,467.1**
	49,509.8	**99,556.4**	**149,066.2**

(c) Information by geographical areas:

	Assets expected to be recovered more than 12 months (remark)	
HK$'m	**2026**	2025
Hong Kong	**10,152.2**	10,345.5
The Chinese Mainland	**10,316.0**	13,902.2
Others	**149.2**	27.4
	20,617.4	24,275.1

Remark: Represented assets expected to be recovered more than 12 months after the reporting period other than financial instruments, deferred tax assets, post-employment benefit assets, insurance contract assets and reinsurance contract assets.

7 OPERATING PROFIT

Operating profit of the Group is arrived at after crediting and charging the following:

	Note	**2026 HK$'m**	2025 HK$'m
Crediting			
Gross rental income from investment properties		**228.7**	223.2
Less: outgoings		**(56.6)**	(57.1)
		172.1	166.1
Charging			
Auditors' remuneration			
— Provision for current year		**22.3**	22.3
— Under-provision in prior years		**0.6**	0.6
Cost of inventories sold		**90.9**	547.8
Cost of construction		**15,094.4**	12,776.3
Amortization of intangible assets	16	**137.8**	120.2
Amortization of intangible concession rights	17	**1,195.8**	1,136.8
Depreciation of property, plant and equipment	19	**338.1**	310.0
Depreciation of right-of-use assets	20(c)	**248.1**	246.7
Agency commission and allowances		**2,526.5**	2,506.9
Expenses on short-term leases		**8.2**	7.2
Expenses on variable lease payments		**165.6**	120.3
Staff costs (including directors' emoluments (note 15) and share-based payment)	10(a)	**3,539.8**	3,196.2
Other costs and expenses		**1,443.2**	1,283.2
		24,811.3	22,274.5
Amounts attributed to insurance contracts		**(3,832.6)**	(3,691.2)
Amortization of insurance acquisition cash flows		**1,262.8**	964.6
Incurred claims and other directly attributable expenses		**1,976.2**	1,828.9
Losses on onerous contracts, net of reversal		**(2.7)**	(27.9)
		24,215.0	21,348.9
Represented by			
Cost of sales	9	**19,844.2**	17,568.2
Insurance service expenses		**3,236.3**	2,765.6
Selling and marketing expenses		**102.8**	117.2
General and administrative expenses		**1,031.7**	897.9
		24,215.0	21,348.9

8 OTHER INCOME AND GAINS, NET

	Note	**2026 HK$'m**	2025 HK$'m
Net gain on fair value of financial assets at FVPL		**2,579.3**	2,674.1
Net gain associated with investments related to unit-linked contracts		**1,896.7**	1,002.6
Fair value change of financial liabilities at FVPL	36	**70.0**	–
Profit on disposal of assets held-for-sale		**–**	42.7
Interest income			
— Debt instruments as financial assets at FVPL		**2,540.4**	2,350.0
— Debt instruments as financial assets at FVOCI		**589.4**	572.9
— Debt instruments as financial assets at amortized cost		**44.1**	58.9
— Bank deposits and others		**479.1**	569.9
Dividend income		**739.1**	405.5
Others		**156.1**	168.0
Charges associated with financial liabilities related to unit-linked contracts		**(712.5)**	(455.1)
Net loss on disposal of debt instruments as financial assets at FVOCI		**(361.9)**	(459.9)
Net loss on fair value of derivative financial instruments		**(122.1)**	(541.0)
Loss on fair value of investment properties	18	**(115.5)**	(582.7)
Loss on partial disposal of interest in an associated company	21(c)	**(116.3)**	–
Impairment loss on intangible concession rights	17	**(105.0)**	(311.9)
Remeasurement loss on assets classified as held-for-sale	29	**(73.7)**	–
Impairment loss related to an associated company	21(c)	**(37.2)**	–
Net exchange (loss)/gain		**(4.0)**	94.8
Expected credit loss provision, net of reversal			
— Debt instruments as financial assets at FVOCI		**(2.0)**	(13.5)
— Debt instruments as financial assets at amortized cost		**2.1**	(0.2)
— Trade and other receivables	25(d)	**(4.6)**	12.7
		7,441.5	5,587.8
Represented by			
Net investment income and gains from insurance business		**6,841.2**	5,477.2
Others		**600.3**	110.6
		7,441.5	5,587.8

9 COST OF SALES

	Note	2026 HK$'m	2025 HK$'m
Cost of inventories sold		**90.9**	547.8
Cost of construction		**15,094.4**	12,776.3
Cost of services rendered		**4,658.9**	4,244.1
	7	**19,844.2**	17,568.2

10 STAFF COSTS

(a) Staff costs

	Note	2026 HK$'m	2025 HK$'m
Wages, salaries and other benefits		**3,306.6**	3,023.9
Share-based payment	31	**77.0**	24.3
Pension costs — defined contribution plans		**154.8**	146.9
Pension costs — defined benefits plans		**1.4**	1.1
	7	**3,539.8**	3,196.2

Directors' emoluments are included in staff costs.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2025: five) directors whose emoluments are reflected in note 15(a). The emoluments of the remaining one (2025: nil) individual during the year is as follows:

	2026 HK$'m
Basic salaries, allowances and other benefits	**5.5**
Discretionary bonuses	**11.3**
Employer's contribution to retirement benefits schemes	**0.4**
Share-based payment	**0.6**
	17.8

10 STAFF COSTS (CONTINUED)

(b) Five highest paid individuals (continued)

The emoluments of the individual fell within the following band:

	Number of individual
	2026
Emolument band (HK$)	
17,500,001 – 18,000,000	**1**

The aggregate value of deemed share options benefits of the five highest paid individuals during FY2026 amounts to HK$30.3 million (2025: HK$11.3 million).

(c) Emoluments of senior management

Other than the emoluments of five highest paid individuals and directors disclosed in notes 10(b) and 15(a) respectively, the emoluments of the senior management fell within the following bands:

	Number of individual(s)	
	2026	2025
Emolument band (HK$)		
2,000,001 – 2,500,000	**–**	1
2,500,001 – 3,000,000	**–**	1
4,500,001 – 5,000,000	**1**	–
5,000,001 – 5,500,000	**–**	2
6,000,001 – 6,500,000	**2**	–
6,500,001 – 7,000,000	**–**	1
7,000,001 – 7,500,000	**1**	–
13,000,001 – 13,500,000	**1**	1
13,500,001 – 14,000,000	**–**	1
16,500,001 – 17,000,000	**1**	–

11 FINANCE COSTS

	Note	**2026** **HK$'m**	2025 HK$'m
Interest on borrowings and other interest-bearing liabilities		**968.8**	971.9
Interest on fixed rate bonds		**450.5**	423.4
Interest on lease liabilities	41(b)	**24.3**	27.5
Others		**50.6**	47.5
		1,494.2	1,470.3

12 INCOME TAX EXPENSES

Hong Kong profits tax is provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits for the year. Taxation on the Chinese Mainland and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the regions in which the Group operates. These rates range from 12% to 25% (2025: 12% to 25%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2025: 5% or 10%).

The assessable profits of the Group's insurance business are computed in accordance with the special provisions of the Hong Kong Inland Revenue Ordinance ("IRO"). Profits tax for the life insurance business, as defined by IRO, is computed at a rate of 16.5% (2025: 16.5%) of 5% of net premiums (gross premiums received less reinsurance premiums ceded) of the life insurance business in accordance with Section 23(1)(a) of IRO and for non-life long term insurance business, is computed using the adjusted surplus method upon implementation of the HKRBC regime in accordance with Cap. 41 of the Insurance Ordinance.

The amount of income tax charged to the consolidated income statement represents:

	Note	**2026 HK$'m**	2025 HK$'m
Current tax			
Hong Kong profits tax		**272.3**	247.7
The Chinese Mainland and overseas taxation		**514.5**	526.5
Deferred tax credit	33	**(84.6)**	(107.9)
		702.2	666.3

Share of taxation of associated companies and joint ventures of HK$124.8 million (2025: HK$74.8 million) and HK$210.3 million (2025: HK$198.5 million) respectively are included in the consolidated income statement as share of results of associated companies and joint ventures respectively.

12 INCOME TAX EXPENSES (CONTINUED)

The tax expenses on the Group's profit before income tax differ from the theoretical amount that would arise using the profits tax rate of Hong Kong as follows:

	2026 HK$'m	2025 HK$'m
Profit before income tax	**3,273.1**	3,028.5
Excluding share of results of associated companies	**(255.8)**	(210.4)
Excluding share of results of joint ventures	**(780.0)**	(1,055.8)
	2,237.3	1,762.3
Calculated at a taxation rate of 16.5% (2025: 16.5%)	**369.2**	290.8
Effect of different taxation rates in other tax jurisdictions	**98.9**	101.7
Tax on 5% of net premium of life insurance business	**154.9**	117.8
Results of life insurance business not taxable at the statutory rate	**(265.4)**	(223.5)
Income not subject to taxation	**(66.5)**	(88.4)
Expenses not deductible for taxation purposes	**344.3**	377.8
Tax losses not recognized	**24.3**	28.9
Utilization of previously unrecognized tax losses	**(15.8)**	(28.0)
Withholding tax	**61.6**	95.3
Under/(over)-provisions in prior years	**4.2**	(7.8)
Others	**(7.5)**	1.7
Income tax expenses	**702.2**	666.3

Pillar Two income taxes

In December 2021, the Organisation for Economic Co-operation and Development released the Pillar Two model rules (the Global Anti-Base Erosion Model Rules, or "GloBE") for a new global minimum tax reform, which multinational enterprise groups are required to calculate their GloBE effective tax rate for each jurisdiction they operate and will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group, as a subsidiary of a wider in-scope multinational enterprise group, is subject to the Pillar Two tax reform.

Pillar Two legislation in Hong Kong was enacted on 6 June 2025, with the domestic minimum top-up tax (HKMTT) and income inclusion rule (IIR) retroactively effective from 1 January 2025, which are applicable to the Group from FY2026 onwards. An annual top-up tax return in Hong Kong shall be filed by 30 September 2027. Based on the Group's internal assessment with the information currently available, top-up tax under Pillar Two legislations in Hong Kong is not expected to be material, however it is subject to further assessment and the relevant internal charging mechanism to be determined, if applicable, by the wider group.

Other major jurisdictions where the Group operates, including the Chinese Mainland, have not enacted or substantively enacted the Pillar Two legislations. The Group will continue the assessment on the potential impact of Pillar Two legislations to the Group's operations.

13 DIVIDENDS

	2026 HK$'m	2025 HK$'m
Interim ordinary dividend paid of HK$0.28 (2025: HK$0.30) per share	**1,278.5**	1,201.6
Final ordinary dividend proposed of HK$0.33 (2025: paid of HK$0.35) per share	**1,506.9**	1,422.5
2025: Special dividend paid of HK$0.30 per share	**–**	1,201.6
	2,785.4	3,825.7

At the meeting held on 24 September 2026, the Board recommended a final ordinary dividend of HK$0.33 per share. This proposed ordinary dividend has not been recognized as a dividend payable in these consolidated financial statements but will be reflected as an appropriation of the retained profits in the consolidated financial statements for FY2027.

Subject to the passing of the relevant resolution at the 2026 AGM, it is expected that the final ordinary dividend will be paid on or about 15 December 2026.

14 EARNINGS PER SHARE

The calculation of basic earnings per share for FY2026 is based on earnings of HK$2,392.6 million (2025: HK$2,162.0 million) which represented profit attributable to shareholders of the Company; and on the weighted average of 4,498,425,294 ordinary shares outstanding during the year (2025: 4,400,196,166 shares after adjusting for the issuance of bonus shares in December 2025).

The calculation of diluted earnings per share is based on earnings of HK$2,392.6 million (2025: HK$2,162.0 million) as stated above; and on the weighted average number of ordinary shares outstanding adjusted by the effects of all dilutive potential ordinary shares. The calculation of weighted average number of shares for calculating diluted earnings per share is as follows:

	Number of shares	
	2026	2025*
Weighted average number of shares for calculating basic earnings per share	**4,498,425,294**	4,400,196,166
Effect of dilutive potential ordinary shares		
4.0% Convertible Bonds	**4,750,959**	43,914,940
2.8% Convertible Bonds	**53,210,834**	–
Share options	**6,212,420**	–
Weighted average number of shares for calculating diluted earnings per share	**4,562,599,507**	4,444,111,106

* Adjusted for the bonus shares allotted and issued in December 2025.

14 EARNINGS PER SHARE (CONTINUED)

During FY2025, the share options of the Company had an anti-dilutive effect on the basic earnings per share as the adjusted exercise price of the share options was above the average market price of the ordinary shares during the outstanding period, and therefore were not included in the calculation of diluted earnings per share.

15 BENEFITS AND INTERESTS OF DIRECTORS

(a) The aggregate amounts of emoluments of the directors of the Company are as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Remunerations	(i)	**73.7**	77.2

In addition to above, the Company has granted share options to directors of the Company. The value of deemed share options benefits amounted to HK$46.2 million (2025: HK$14.5 million).

Remuneration package, including director's fee, basic salaries, allowances and other benefits, discretionary bonuses, employer's contribution to retirement benefits scheme and share option benefits (if any), is determined according to individual performance, job responsibility and seniority, and is reviewed with reference to market conditions.

During this year, the Group did not pay the directors any inducement to join or upon joining the Group, or as compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) The aggregate amounts of emoluments of the directors of the Company are as follows: (continued)

(i) The remunerations of individual directors are set out below:

	As director[#]		As management[##]			
Name of director	Fees HK$'m	Allowances and other benefits HK$'m	Basic salaries, allowances and other benefits HK$'m	Employer's contribution to retirement benefits schemes HK$'m	**2026 Total HK$'m**	2025 Total HK$'m
Dr Cheng Kar Shun, Henry	1.00	0.05	10.77	0.66	**12.48**	12.47
Mr Cheng Chi Ming, Brian	0.83	0.09	15.60	0.96	**17.48**	17.48
Mr Ho Gilbert Chi Hang	1.35	0.09	15.61	0.96	**18.01**	18.02
Mr Lam Jim	0.41	0.08	10.85	0.50	**11.84**	11.59
Mr Cheng Chi Leong, Christopher	0.30	0.04	8.70	0.47	**9.51**	12.92
Mr William Junior Guilherme Doo	0.30	0.04	–	–	**0.34**	0.35
Mr Tsang On Yip, Patrick	0.30	0.05	–	–	**0.35**	0.35
Mr Shek Lai Him, Abraham	0.52	0.08	–	–	**0.60**	0.60
Mr Lee Yiu Kwong, Alan	1.03	0.10	–	–	**1.13**	1.21
Mrs Oei Wai Chi Grace Fung	0.38	0.07	–	–	**0.45**	0.42
Mr Wong Kwai Huen, Albert	0.42	0.06	–	–	**0.48**	0.48
Professor Chan Ka Keung, Ceajer	0.55	0.08	–	–	**0.63**	0.63
Ms Ng Yuen Ting, Yolanda	0.36	0.06	–	–	**0.42**	0.42
Dr Cheng Chi Kong, Adrian*	–	–	–	–	**–**	0.25
	7.75	0.89	61.53	3.55	**73.72**	77.19

* Resigned on 26 September 2024

[#] The amount represented emoluments paid in respect of a person's services as a director, whether of the Company or its subsidiary undertakings.

[##] The amount represented emoluments paid in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included basic salaries, discretionary bonuses, employer's contribution to retirement benefit scheme, allowances and other benefits.

15 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) The aggregate amounts of emoluments of the directors of the Company are as follows: (continued)

(ii) The deemed share option benefits of individual directors are set out below:

Name of director	**2026 HK$'m**	2025 HK$'m
Dr Cheng Kar Shun, Henry	**9.87**	3.11
Mr Cheng Chi Ming, Brian	**6.68**	2.10
Mr Ho Gilbert Chi Hang	**6.68**	2.10
Mr Lam Jim	**6.50**	2.05
Mr Cheng Chi Leong, Christopher	**6.18**	1.94
Mr William Junior Guilherme Doo	**0.69**	0.22
Mr Tsang On Yip, Patrick	**0.69**	0.22
Mr Shek Lai Him, Abraham	**1.48**	0.47
Mr Lee Yiu Kwong, Alan	**1.48**	0.46
Mrs Oei Wai Chi Grace Fung	**1.48**	0.47
Mr Wong Kwai Huen, Albert	**1.48**	0.47
Professor Chan Ka Keung, Ceajer	**1.48**	0.46
Ms Ng Yuen Ting, Yolanda	**1.48**	0.47
	46.17	14.54

The deemed share option benefits are calculated in accordance with the requirement as stipulated in HKFRS 2 "Share-based Payment".

(b) Directors' material interest in transactions, arrangements or contracts

On 28 April 2023, a master services agreement (the "DOO Master Services Agreement") was entered into between the Company and Mr Doo Wai Hoi, William ("Mr Doo") whereby each of the Company and Mr Doo agreed to, and agreed to procure that members of the Group or the Services Group (as defined in the Doo Master Services Agreement) (to the extent practicable), engage relevant members of the Services Group or the Group to provide certain operational services to relevant members of the Group or the Services Group during the term of the DOO Master Services Agreement. As at the date of signing of the DOO Master Services Agreement, Mr Doo was the father of Mr William Junior Guilherme Doo, brother-in-law of Dr Cheng Kar Shun, Henry, and uncle of Dr Cheng Chi Kong, Adrian, Mr Cheng Chi Ming, Brian and Mr Cheng Chi Leong, Christopher, all of whom (except Mr Doo) were directors of the Company. The DOO Master Services Agreement has an initial term of three years commencing from 1 July 2023. A new master services agreement was entered into by the Company and Mr Doo on 24 April 2026 as renewal for a further term of three years. During FY2026, the approximate total contract sum was HK$921.2 million (2025: HK$703.7 million).

Save as mentioned above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16 INTANGIBLE ASSETS

HK$'m	Note	Goodwill	Operating right and others	Total
Cost				
As at 1 July 2025		**5,745.6**	**1,285.0**	**7,030.6**
Additions		**–**	**128.9**	**128.9**
Disposals/written off		**–**	**(12.8)**	**(12.8)**
As at 30 June 2026		**5,745.6**	**1,401.1**	**7,146.7**
Accumulated amortization and impairment				
As at 1 July 2025		**–**	**843.8**	**843.8**
Amortization	7	**–**	**137.8**	**137.8**
Disposals/written off		**–**	**(12.3)**	**(12.3)**
As at 30 June 2026		**–**	**969.3**	**969.3**
Net book value				
As at 30 June 2026		**5,745.6**	**431.8**	**6,177.4**

HK$'m	Note	Goodwill	Operating right and others	Total
Cost				
As at 1 July 2024		5,576.3	1,078.1	6,654.4
Acquisition of subsidiaries		169.3	20.3	189.6
Additions		–	192.4	192.4
Disposals/written off		–	(5.8)	(5.8)
As at 30 June 2025		5,745.6	1,285.0	7,030.6
Accumulated amortization and impairment				
As at 1 July 2024		–	725.6	725.6
Amortization	7	–	120.2	120.2
Disposals/written off		–	(2.0)	(2.0)
As at 30 June 2025		–	843.8	843.8
Net book value				
As at 30 June 2025		5,745.6	441.2	6,186.8

16 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

As at 30 June 2026, goodwill arises in respect of the Group's insurance business of HK$5,576.3 million (2025: HK$5,576.3 million) and construction business of HK$169.3 million (2025: HK$169.3 million) in Hong Kong.

In FY2026, the Group finalized its assessment of the fair values of assets acquired and liabilities assumed of Hsin Chong Aster and its subsidiary as at the acquisition date.

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and business model. For the purpose of impairment test, the recoverable amount of the business unit is determined based on either fair value less costs of disposal or value in use calculations whichever is higher.

For insurance business, the value in use is determined based on the embedded value of in-force business and the present value of the expected future new business of the CGU with the use of a 8.0% risk discount rate to reflect specific risk relating to such business and a 5% growth rate for future new business cash flows beyond 5 years. The assessment indicated no impairment is required on the carrying value of goodwill of insurance business as at 30 June 2026.

For construction business, the recoverable amount of this unit has been determined based on a value in use calculation. The calculation uses the present value of the normalized cash flow projections with the assumptions of a pre-tax discount rate of 12.8% which reflects the specific risk relating to such business and a 2.0% terminal growth rate based on the relevant industry growth forecasts. The assessment indicated no impairment is required on the carrying value of goodwill of construction business as at 30 June 2026.

The assumptions used in the carrying value assessment are highly judgmental, and heavily dependent on the discount rate used and value of new business/terminal growth rate projection. For example, any increase in the risk premium or any decrease in the value of new business/terminal growth rate projection with other variables remain constant, if adopted, would result in decrease in the recoverable amount as determined by the value in use calculation. A reasonably possible change in assumption would not result in impairment and as such disclosure of sensitivity analysis is not considered necessary.

17 INTANGIBLE CONCESSION RIGHTS

	Note	**2026 HK$'m**	2025 HK$'m
Cost			
At beginning of year		**24,246.6**	23,858.9
Classified as assets held-for-sale	29	**(5,284.4)**	–
Translation differences		**1,405.2**	387.7
At end of year		**20,367.4**	24,246.6
Accumulated amortization and impairment			
At beginning of year		**13,284.7**	11,632.8
Amortization	7	**1,195.8**	1,136.8
Impairment	8	**105.0**	311.9
Classified as assets held-for-sale	29	**(1,218.1)**	–
Translation differences		**821.6**	203.2
At end of year		**14,189.0**	13,284.7
Net book value			
At end of year		**6,178.4**	10,961.9

Intangible concession rights refer to the Group's investment in and operations of toll roads in the Chinese Mainland. During FY2026, the Group has conducted an impairment assessment of the recoverability of the intangible concession rights based on value in use approach using discounted cash flow method incorporating the assumptions developed with reference to prevailing market conditions and historical performance. According to the assessment, an impairment loss related to intangible concession rights of HK$105.0 million (2025: HK$311.9 million) was recognized by the Group in FY2026 and included in "other income and gains, net".

18 INVESTMENT PROPERTIES

HK$'m	Note	Commercial properties in Hong Kong	Commercial properties in the Chinese Mainland	Residential properties in the Chinese Mainland	Others	Total
As at 1 July 2025		**2,405.0**	**2,513.7**	**4.8**	**26.1**	**4,949.6**
Additions		**140.0**	**1,170.0**	**–**	**–**	**1,310.0**
Fair value changes	8	**(70.0)**	**(44.9)**	**(0.3)**	**(0.3)**	**(115.5)**
Translation differences		**–**	**169.2**	**0.2**	**–**	**169.4**
As at 30 June 2026		**2,475.0**	**3,808.0**	**4.7**	**25.8**	**6,313.5**

HK$'m	Note	Commercial properties in Hong Kong	Commercial properties in the Chinese Mainland	Residential properties in the Chinese Mainland	Others	Total
As at 1 July 2024		2,608.0	2,839.8	4.9	26.4	5,479.1
Additions		–	10.5	–	–	10.5
Fair value changes	8	(203.0)	(379.2)	(0.2)	(0.3)	(582.7)
Translation differences		–	42.6	0.1	–	42.7
As at 30 June 2025		2,405.0	2,513.7	4.8	26.1	4,949.6

The investment properties of the Group measured at fair value are categorized as Level 3 in the fair value hierarchy. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer among Levels 1, 2 and 3 fair value hierarchy for investment properties during the year.

18 INVESTMENT PROPERTIES (CONTINUED)

(a) Valuation process of the Group

The investment properties were revalued on 30 June 2026 by independent, professionally qualified valuers, Knight Frank Petty Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, based on sales comparison or income approach as detailed in note 5(c).

The Group's management reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

(b) Valuation methods

Fair values of certain commercial properties in Hong Kong and the Chinese Mainland are generally derived using the income capitalization method or a combination of the income capitalization method and discounted cash flow method. The income capitalization valuation method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. The discounted cash flow method is based on projected future cash flows from the properties and discounted at an appropriate rate reflecting market participants' required rates of return.

Fair values of the residential properties in the Chinese Mainland and certain commercial properties in Hong Kong are derived using the sales comparison method. This valuation method is based on comparing the properties to be valued directly with other comparable properties transacted and/or asking prices. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the properties under consideration.

Except for certain commercial properties in the Chinese Mainland adopted a combination of the income capitalization method and discounted cash flow method and certain commercial properties in Hong Kong adopted income capitalization method to maximize observable market inputs, there were no changes to the valuation techniques during the year. The ranges of unobservable inputs reflected the changes of valuation techniques are stated in note 18(c).

18 INVESTMENT PROPERTIES (CONTINUED)

(c) Significant unobservable inputs used to determine fair value

	Fair value at 30 June 2026 HK$'m	Fair value at 30 June 2025 HK$'m	Valuation methods	Unobservable inputs	**Range of unobservable inputs for 2026**	Range of unobservable inputs for 2025	Note
Commercial properties in Hong Kong	**2,394.0**	1,547.0	Income capitalization	Capitalization rate	**3.1%–5.2%**	4.2%–5.2%	(i)
				Average monthly rental	**HK$12–HK$250/sq ft HK$3,850 per carpark space**	HK$35–HK$250/sq ft HK$3,850 per carpark space	(ii)
	81.0	858.0	Sales comparison	Property specific adjusting factor	**0.98–1.00**	0.90–1.10	(ii)
Commercial properties in the Chinese Mainland	**3,808.0**	2,513.7	Income capitalization and discounted cash flow analysis (2025: Income capitalization)	Capitalization rate	**5.25%–6.25%**	5.55%–6.25%	(i)
				Average daily rental	**RMB0.61–RMB1.44/sq m**	RMB0.61–RMB1.15/sq m	(ii)
				Discount rate	**8.25%–9.25%**	N/A	(i)
Residential properties in the Chinese Mainland	**4.7**	4.8	Sales comparison	Property specific adjusting factor	**0.97–1.10**	0.98–1.10	(ii)
Others	**25.8**	26.1					
	6,313.5	4,949.6					

Notes: Descriptions of the sensitivity in unobservable inputs and inter-relationship:

(i) The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.

(ii) The fair value measurement is positively correlated to the unobservable input that the higher the factor will result in a higher fair value.

(d) Sensitivity analysis

As at 30 June 2026, if the market value of investment properties had been 5% (2025: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK$315.7 million (2025: HK$247.5 million) higher/lower respectively.

18 INVESTMENT PROPERTIES (CONTINUED)

(e) Particulars of major investment properties held by the Group as at 30 June 2026 are as follows:

	Address	Type of use	Land lease expiry
(i)	Shopping arcade units and car parking spaces of Hong Kong Convention and Exhibition Centre, No.1 Harbour Road, Wan Chai, Hong Kong	Retail, meeting rooms and carparks	2060
(ii)	Office units on 18th-20th floors and car parking spaces of NCB Innovation Centre, No. 888 Lai Chi Kok Road, Kowloon, Hong Kong	Offices and carparks	2067
(iii)	18th Floor, Chevalier Commercial Centre, No.8 Wang Hoi Road, Kowloon, Hong Kong	Office	2047
(iv)	No.633 Huiyuan Road, Shuangliu District, Chengdu City, Sichuan Province	Logistics centre	2063
(v)	No.333 4th Road South, Chengdu Economic & Technological Development Zone (Longquanyi District), Chengdu City, Sichuan Province	Logistics centre	2062
(vi)	No.3300 Xichuang Avenue, Puxing Town, Xinjin County, Chengdu City, Sichuan Province	Logistics centre	2064/2065
(vii)	No.1199 Tuoyuan Road, Xindu Town, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2064
(viii)	No.525 Fuhai Road & No.920 Zhantan Road, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2069
(ix)	North side of Tongjiang 2nd Road, Shamao Street, Hannan District, Wuhan City, Hubei Province	Logistics centre	2064
(x)	No.92 Jinjiang Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province	Logistics centre	2068
(xi)	No.3 Suifengnian Road, Shatian Town, Dongguan City, Guangdong Province	Logistics centre	2063
(xii)	No. 1300 Jiugan Road, Sijing Town, Songjiang District, Shanghai	Logistics centre	2056
(xiii)	No.28 Qianke Road, Sanqishi Town, Yuyao City, Zhejiang Province	Logistics centre	2069
(xiv)	No. 1060 Houtang Road, Wujin District, Changzhou City, Jiangsu Province	Logistics centre	2070

19 PROPERTY, PLANT AND EQUIPMENT

HK$'m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
Cost					
As at 1 July 2025		**252.0**	**3,473.9**	**27.1**	**3,753.0**
Additions		**–**	**301.1**	**3.0**	**304.1**
Disposals		**–**	**(24.7)**	**(0.7)**	**(25.4)**
Classified as assets held-for-sale	29	**–**	**(126.7)**	**–**	**(126.7)**
Translation differences		**0.5**	**50.4**	**0.2**	**51.1**
As at 30 June 2026		**252.5**	**3,674.0**	**29.6**	**3,956.1**
Accumulated depreciation and impairment					
As at 1 July 2025		**45.3**	**2,459.5**	**21.3**	**2,526.1**
Depreciation	7	**6.9**	**328.8**	**2.4**	**338.1**
Disposals		**–**	**(24.4)**	**(0.7)**	**(25.1)**
Classified as assets held-for-sale	29	**–**	**(70.2)**	**–**	**(70.2)**
Translation differences		**0.1**	**30.3**	**0.1**	**30.5**
As at 30 June 2026		**52.3**	**2,724.0**	**23.1**	**2,799.4**
Net book value					
As at 30 June 2026		**200.2**	**950.0**	**6.5**	**1,156.7**

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

HK$'m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
Cost					
As at 1 July 2024		251.9	3,250.3	23.2	3,525.4
Acquisition of subsidiaries		–	0.3	–	0.3
Additions		–	276.0	4.5	280.5
Disposals		–	(66.7)	(0.6)	(67.3)
Translation differences		0.1	14.0	–	14.1
As at 30 June 2025		252.0	3,473.9	27.1	3,753.0
Accumulated depreciation and impairment					
As at 1 July 2024		38.6	2,214.2	20.4	2,273.2
Depreciation	7	6.7	301.8	1.5	310.0
Disposals		–	(63.5)	(0.6)	(64.1)
Translation differences		–	7.0	–	7.0
As at 30 June 2025		45.3	2,459.5	21.3	2,526.1
Net book value					
As at 30 June 2025		206.7	1,014.4	5.8	1,226.9

20 RIGHT-OF-USE ASSETS

	2026 HK$'m	2025 HK$'m
Leasehold land	**387.1**	376.1
Buildings, plant and equipment	**201.3**	286.8
Others	**203.0**	287.0
	791.4	949.9

(a) Rental contracts capitalized as right-of-use assets are typically made for fixed periods range from 13 months to 19 years (2025: 13 months to 19 years) for buildings, plant and equipment and others, but may have extension options which majority of these options are exercisable only by the Group and not by the respective lessors. Lease term for leasehold land ranges from 32 years to 125 years (2025: 32 years to 125 years).

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 leased assets that are held by the lessor.

(b) During the year, additions to the right-of-use assets are HK$89.9 million (2025: HK$225.7 million).

(c) Depreciation of right-of-use assets are as follows:

	Note	2026 HK$'m	2025 HK$'m
Leasehold land		**31.7**	27.0
Buildings, plant and equipment		**132.4**	135.7
Others		**84.0**	84.0
	7	**248.1**	246.7

21 ASSOCIATED COMPANIES

	Note	**2026 HK$'m**	2025 HK$'m
Group's share of net assets, including goodwill			
Listed shares — Hong Kong	(a)	**979.3**	1,009.0
Listed shares — overseas	(a), (c)	**558.7**	681.6
Unlisted shares		**3,477.5**	2,910.3
		5,015.5	4,600.9
Amounts receivable			
Gross amount	(d)	**2,156.8**	2,120.8
Less: provision	(e)	**(2,006.7)**	(2,001.6)
	(b)	**5,165.6**	4,720.1

(a) As at 30 June 2026, the share of market value of the Group's listed associated companies amounts to HK$1,606.9 million (2025: HK$1,692.0 million).

(b) As at 30 June 2026, the carrying amount mainly represents the Group's investments in various financial services, roads, logistics, healthcare, strategic investments and other projects.

(c) During the current year, as a measure to optimize the business portfolio to enhance long-term value creation for the shareholders of the Company, the Group disposed of certain interest in a listed associated company under the Strategic Investments segment with an aggregate carrying amount of HK$258.0 million and recognized a disposal loss, including the related release of reserves, of HK$116.3 million (note 8) in "other income and gains, net". In addition, the Group recognized an impairment loss of HK$37.2 million (note 8) in "other income and gains, net" in respect of a portion of remaining interests in the listed associated company which is subject to a disposal plan, primarily based on fair value less costs of disposal approach with reference to the Group's share of market value of the listed shares.

Except for above, management is of the view that there is no material impairment of the Group's investments in associated companies as at 30 June 2026.

21 ASSOCIATED COMPANIES (CONTINUED)

(d) Amounts receivable are analyzed as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Interest bearing	(i)	**1,682.0**	1,707.6
Non-interest bearing		**474.8**	413.2
		2,156.8	2,120.8

(i) The balance includes an amount of HK$52.0 million (2025: HK$77.6 million) which carries interest at 8% per annum and an aggregate amounts of HK$1,630.0 million (2025: HK$1,630.0 million) which carries interest at 1-month HIBOR plus a margin of 0.75% per annum (2025: 6-month HIBOR plus a margin of 1.3% per annum).

As at 30 June 2026, the carrying amounts of the amounts receivable are not materially different from their fair values.

(e) During the current year, provision for amounts receivable from certain associated companies of HK$5.2 million (2025: HK$78.2 million) is recognized by the Group. The amount represents the Group's share of results from respective associated companies against the investment in these associated companies.

(f) Dividend income from associated companies for the current year is HK$314.0 million (2025: HK$302.2 million). The amount of dividend income received during the current year amounting to HK$237.6 million (2025: HK$243.7 million) is disclosed in the consolidated statement of cash flows. Besides, dividend income of HK$42.6 million (2025: HK$58.5 million) was reinvested as capital contribution to the corresponding project by the Group.

(g) Details of principal associated companies are given in note 47. The directors of the Company are of the view that as at 30 June 2026, there is no individual associated company that was material to the Group.

(h) Financial guarantees relating to associated companies are disclosed in note 40.

21 ASSOCIATED COMPANIES (CONTINUED)

(i) The Group's share of revenue and results of associated companies are summarized below:

	2026	2025
	HK$'m	HK$'m
Revenue	**4,069.5**	4,761.7
Profit for the year	**255.8**	210.4
Other comprehensive income for the year	**263.8**	36.2
Total comprehensive income for the year	**519.6**	246.6

(j) The Group's share of assets and liabilities of associated companies are summarized below:

	2026	2025
	HK$'m	HK$'m
Total assets	**11,986.2**	10,299.3
Total liabilities	**(9,382.4)**	(7,893.8)
Net assets	**2,603.8**	2,405.5

22 JOINT VENTURES

	Note	**2026**	2025
		HK$'m	HK$'m
Group's share of net assets, including goodwill	(c), (d)	**14,936.5**	14,619.0
Amounts receivable			
Gross amount	(e)	**2,897.5**	2,779.5
Less: provision	(f)	**(1,295.9)**	(1,246.8)
	(a), (b)	**16,538.1**	16,151.7

22 JOINT VENTURES (CONTINUED)

(a) As at 30 June 2026, the carrying amount mainly represents the Group's investments in various roads, logistics, strategic investments and other projects.

(b) Management is of the view that there is no material impairment of the Group's investments in joint ventures as at 30 June 2026.

(c) As at 30 June 2026, the Group has provided a pledge over a proportion of equity interest in a joint venture, which the carrying amount of the pledged portion is HK$1,263.4 million (2025: HK$1,166.8 million), as a security for a bank loan of that joint venture.

(d) As at 30 June 2026, the Group's share of fair value of an investment property held by a joint venture principally engaged in logistics business amounted to HK$8,176.5 million (2025: HK$8,400.5 million). If the market value of this investment property as at 30 June 2026 had been 5% (2025: 5%) higher/lower with all other variables held constant, the Group's share of carrying value of this investment property would have been HK$408.8 million (2025: HK$420.0 million) higher/lower respectively.

(e) Amounts receivable are analyzed as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Interest bearing	(i)	**115.6**	78.7
Non-interest bearing	(ii)	**2,781.9**	2,700.8
		2,897.5	2,779.5

(i) The balance includes an amount of HK$115.6 million (2025: HK$78.7 million) which carries interest at 3.65% per annum.

(ii) The balance includes an amount of HK$197.5 million (2025: HK$197.5 million) which has been subordinated to certain indebtedness of a joint venture.

As at 30 June 2026, the carrying amounts of the amounts receivable are not materially different from their fair values.

(f) During the current year, net reversal of provision for amounts receivable from certain joint ventures of HK$34.8 million (2025: HK$35.3 million) is recognized by the Group. The amount mainly represents the Group's share of results from respective joint ventures against the investment in these joint ventures.

22 JOINT VENTURES (CONTINUED)

(g) Dividend income from joint ventures for the current year is HK$945.6 million (2025: HK$1,726.2 million). The amount of dividend income received during the current year amounting to HK$874.4 million (2025: HK$957.5 million) is disclosed in the consolidated statement of cash flows (2025: HK$600.6 million of dividend income received from a joint venture in respect of insurance claims). Besides, dividend income of HK$133.9 million (2025: HK$133.6 million) was reinvested as capital contribution to the corresponding projects by the Group.

(h) Details of principal joint ventures are given in note 48. The directors of the Company are of the view that as at 30 June 2026, there is no individual joint venture that was material to the Group.

(i) Financial guarantees relating to joint ventures are disclosed in note 40.

(j) The Group's share of revenue and results of joint ventures are summarized below:

	2026	2025
	HK$'m	HK$'m
Revenue	**3,594.7**	4,657.5
Profit for the year	**780.0**	1,055.8
Other comprehensive income for the year	**396.4**	322.3
Total comprehensive income for the year	**1,176.4**	1,378.1

(k) The Group's share of assets and liabilities of joint ventures are summarized below:

	2026	2025
	HK$'m	HK$'m
Total assets	**25,823.1**	24,185.4
Total liabilities	**(12,396.2)**	(11,018.0)
Net assets	**13,426.9**	13,167.4

23 FINANCIAL ASSETS

As at 30 June 2026

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	FVPL	FVPL	FVOCI	AC*	Subtotal	FVPL	Total
Debt instruments							
Listed in Hong Kong	5,336.4	381.1	400.4	–	6,117.9	–	6,117.9
Listed overseas	38,308.8	7,697.7	7,715.4	1,272.1	54,994.0	–	54,994.0
Unlisted	2,553.3	1,869.4	2,552.2	–	6,974.9	–	6,974.9
	46,198.5	9,948.2	10,668.0	1,272.1	68,086.8	–	68,086.8
Equity instruments							
Listed in Hong Kong	2,128.0	0.1	264.8	–	2,392.9	–	2,392.9
Listed overseas	–	0.2	251.1	–	251.3	–	251.3
Unlisted	–	155.1	23.6	–	178.7	–	178.7
	2,128.0	155.4	539.5	–	2,822.9	–	2,822.9
Investment funds							
Listed	19,192.4	6.5	–	–	19,198.9	–	19,198.9
Unlisted	10,317.7	1,439.7	–	–	11,757.4	11,114.7	22,872.1
	29,510.1	1,446.2	–	–	30,956.3	11,114.7	42,071.0
	77,836.6	11,549.8	11,207.5	1,272.1	101,866.0	11,114.7	112,980.7

* AC: Debt instruments as financial assets at amortized cost

23 FINANCIAL ASSETS (CONTINUED)

As at 30 June 2025

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	FVPL	FVPL	FVOCI	AC*	Subtotal	FVPL	Total
Debt instruments							
Listed in Hong Kong	4,932.7	288.0	1,331.3	–	6,552.0	–	6,552.0
Listed overseas	36,119.1	3,288.1	8,952.8	1,283.0	49,643.0	–	49,643.0
Unlisted	1,876.2	1,686.9	2,372.8	136.7	6,072.6	–	6,072.6
	42,928.0	5,263.0	12,656.9	1,419.7	62,267.6	–	62,267.6
Equity instruments							
Listed in Hong Kong	1,393.1	–	505.7	–	1,898.8	–	1,898.8
Listed overseas	561.4	0.3	49.9	–	611.6	–	611.6
Unlisted	–	140.7	23.6	–	164.3	–	164.3
	1,954.5	141.0	579.2	–	2,674.7	–	2,674.7
Investment funds							
Listed	11,852.5	5.5	–	–	11,858.0	–	11,858.0
Unlisted	6,156.3	1,587.6	–	–	7,743.9	9,683.4	17,427.3
	18,008.8	1,593.1	–	–	19,601.9	9,683.4	29,285.3
	62,891.3	6,997.1	13,236.1	1,419.7	84,544.2	9,683.4	94,227.6

* AC: Debt instruments as financial assets at amortized cost

23 FINANCIAL ASSETS (CONTINUED)

(a) Debt instruments

Debt instruments by type comprises the following:

As at 30 June 2026

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	**FVPL**	**FVPL**	**FVOCI**	**AC[i]**	**Subtotal**	**FVPL**	**Total**
Government bonds[ii]							
By jurisdiction							
United States of America	**1,096.3**	**2,207.4**	**1,692.5**	**–**	**4,996.2**	**–**	**4,996.2**
Hong Kong	**447.9**	**12.6**	**302.6**	**–**	**763.1**	**–**	**763.1**
Qatar	**874.3**	**21.5**	**29.9**	**–**	**925.7**	**–**	**925.7**
Chile	**791.1**	**–**	**116.7**	**–**	**907.8**	**–**	**907.8**
Saudi Arabia	**701.8**	**82.9**	**88.8**	**–**	**873.5**	**–**	**873.5**
United Arab Emirates	**364.6**	**64.1**	**36.9**	**–**	**465.6**	**–**	**465.6**
Indonesia	**133.9**	**82.1**	**78.4**	**–**	**294.4**	**–**	**294.4**
	4,409.9	**2,470.6**	**2,345.8**	**–**	**9,226.3**	**–**	**9,226.3**
By credit rating[iv]							
A– and above	**4,276.0**	**2,388.5**	**2,267.3**	**–**	**8,931.8**	**–**	**8,931.8**
BBB+ to BBB–	**133.9**	**82.1**	**78.5**	**–**	**294.5**	**–**	**294.5**
BB+ or below/unrated	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	4,409.9	**2,470.6**	**2,345.8**	**–**	**9,226.3**	**–**	**9,226.3**
Government agency bonds[iii]							
By credit rating							
A– and above	**1,190.4**	**12.1**	**–**	**123.4**	**1,325.9**	**–**	**1,325.9**
BBB+ to BBB–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
BB+ or below/unrated	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	1,190.4	**12.1**	**–**	**123.4**	**1,325.9**	**–**	**1,325.9**
Corporate bonds							
By credit rating							
A– and above	**25,686.3**	**3,724.8**	**5,078.0**	**1,148.7**	**35,637.8**	**–**	**35,637.8**
BBB+ to BBB–	**13,221.2**	**2,205.7**	**2,641.2**	**–**	**18,068.1**	**–**	**18,068.1**
BB+ or below/unrated	**1,402.2**	**–**	**78.9**	**–**	**1,481.1**	**–**	**1,481.1**
	40,309.7	**5,930.5**	**7,798.1**	**1,148.7**	**55,187.0**	**–**	**55,187.0**
Others							
By credit rating							
A– and above	**288.5**	**–**	**467.7**	**–**	**756.2**	**–**	**756.2**
BBB+ to BBB–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
BB+ or below/unrated	**–**	**1,535.0**	**56.4**	**–**	**1,591.4**	**–**	**1,591.4**
	288.5	**1,535.0**	**524.1**	**–**	**2,347.6**	**–**	**2,347.6**
	46,198.5	**9,948.2**	**10,668.0**	**1,272.1**	**68,086.8**	**–**	**68,086.8**

23 FINANCIAL ASSETS (CONTINUED)

(a) Debt instruments (continued)

As at 30 June 2025

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	FVPL	FVPL	FVOCI	AC[i]	Subtotal	FVPL	Total
Government bonds[ii]							
By jurisdiction							
United States of America	1,152.4	–	–	–	1,152.4	–	1,152.4
Hong Kong	350.2	12.5	310.0	–	672.7	–	672.7
Qatar	910.9	21.2	45.2	–	977.3	–	977.3
Chile	767.2	–	119.7	–	886.9	–	886.9
Saudi Arabia	693.0	82.0	116.9	–	891.9	–	891.9
United Arab Emirates	361.5	63.6	53.1	–	478.2	–	478.2
Indonesia	135.7	1.7	–	–	137.4	–	137.4
	4,370.9	181.0	644.9	–	5,196.8	–	5,196.8
By credit rating[iv]							
A– and above	4,235.1	179.3	644.9	–	5,059.3	–	5,059.3
BBB+ to BBB–	135.8	1.7	–	–	137.5	–	137.5
BB+ or below/unrated	–	–	–	–	–	–	–
	4,370.9	181.0	644.9	–	5,196.8	–	5,196.8
Government agency bonds[iii]							
By credit rating							
A– and above	1,211.8	11.5	32.7	125.7	1,381.7	–	1,381.7
BBB+ to BBB–	–	–	–	–	–	–	–
BB+ or below/unrated	–	–	–	–	–	–	–
	1,211.8	11.5	32.7	125.7	1,381.7	–	1,381.7
Corporate bonds							
By credit rating							
A– and above	25,590.0	2,407.2	6,363.1	1,157.3	35,517.6	–	35,517.6
BBB+ to BBB–	10,350.4	1,266.5	4,898.9	–	16,515.8	–	16,515.8
BB+ or below/unrated	1,119.8	–	111.7	136.7	1,368.2	–	1,368.2
	37,060.2	3,673.7	11,373.7	1,294.0	53,401.6	–	53,401.6
Others							
By credit rating							
A– and above	285.1	–	605.6	–	890.7	–	890.7
BBB+ to BBB–	–	–	–	–	–	–	–
BB+ or below/unrated	–	1,396.8	–	–	1,396.8	–	1,396.8
	285.1	1,396.8	605.6	–	2,287.5	–	2,287.5
	42,928.0	5,263.0	12,656.9	1,419.7	62,267.6	–	62,267.6

23 FINANCIAL ASSETS (CONTINUED)

(a) Debt instruments (continued)

Maturity profile of the debt instruments are as follows:

As at 30 June 2026

HK$'m	FVPL	FVOCI	AC	Total
Within one year	**3,470.2**	**1,381.4**	**–**	**4,851.6**
In the second to fifth year	**9,199.9**	**2,196.1**	**–**	**11,396.0**
After the fifth year	**43,476.6**	**7,090.5**	**1,272.1**	**51,839.2**
	56,146.7	**10,668.0**	**1,272.1**	**68,086.8**

As at 30 June 2025

HK$'m	FVPL	FVOCI	AC	Total
Within one year	597.1	739.0	93.8	1,429.9
In the second to fifth year	5,588.7	3,830.6	42.9	9,462.2
After the fifth year	42,005.2	8,087.3	1,283.0	51,375.5
	48,191.0	12,656.9	1,419.7	62,267.6

(i) The aggregate fair values of debt instruments as financial assets at amortized cost is HK$976.1 million (2025: HK$1,124.2 million).

(ii) Government bonds include bonds issued in local or foreign currencies by either the government of the jurisdiction in which the respective business unit operates or other governments.

(iii) Government agency bonds comprise bonds issued by government-sponsored institutions such as national, provincial and municipal authorities; government-related entities.

(iv) The Group classifies its investment in bonds below ratings of Baa3 and BBB- in the Moody's and Standard & Poor's credit rating systems respectively as non-investment grade bonds. In compiling the tables, external ratings have been used where available and reported as follows:

Moody's	Standard & Poor's	Reported as
A1 to Aaa	A+ to AAA	A- and above
Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-
Below Baa3	Below BBB-	BB+ or below/unrated

23 FINANCIAL ASSETS (CONTINUED)

(b) Equity instruments and investment funds

Equity instruments and investment funds comprises the following:

As at 30 June 2026

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	**FVPL**	**FVPL**	**FVOCI**	**AC**	**Subtotal**	**FVPL**	**Total**
Equity shares	**2,128.0**	**155.4**	**539.5**	**–**	**2,822.9**	**–**	**2,822.9**
Investment funds with debt instruments as underlying [ii]	**7,477.4**	**84.6**	**–**	**–**	**7,562.0**	**2,240.7**	**9,802.7**
Investment funds with equity instruments as underlying [iii][iv]	**20,735.9**	**1,163.1**	**–**	**–**	**21,899.0**	**8,865.8**	**30,764.8**
Investment funds with real estate as underlying	**129.6**	**38.3**	**–**	**–**	**167.9**	**4.8**	**172.7**
Money market fund	**1,167.2**	**160.2**	**–**	**–**	**1,327.4**	**–**	**1,327.4**
Others	**–**	**–**	**–**	**–**	**–**	**3.4**	**3.4**
	31,638.1	**1,601.6**	**539.5**	**–**	**33,779.2**	**11,114.7**	**44,893.9**

As at 30 June 2025

	Participating funds	Other policyholder and shareholder				Unit-linked	
HK$'m	FVPL	FVPL	FVOCI	AC	Subtotal	FVPL	Total
Equity shares	1,954.5	141.0	579.2	–	2,674.7	–	2,674.7
Investment funds with debt instruments as underlying [ii]	4,577.7	333.3	–	–	4,911.0	1,918.6	6,829.6
Investment funds with equity instruments as underlying [iii][iv]	13,124.8	1,156.5	–	–	14,281.3	7,699.3	21,980.6
Investment funds with real estate as underlying	306.3	103.3	–	–	409.6	5.0	414.6
Money market fund	–	–	–	–	–	–	–
Others	–	–	–	–	–	60.5	60.5
	19,963.3	1,734.1	579.2	–	22,276.6	9,683.4	31,960.0

23 FINANCIAL ASSETS (CONTINUED)

(b) Equity instruments and investment funds (continued)

(i) The investment funds held by the Group provide exposure to different asset classes, sectors and geographic markets. The Group works with a number of internationally reputable external asset managers with reference to their investment capabilities, track record, regulatory standing and/or expertise in the relevant asset classes to access specialized investment opportunities that support portfolio diversification and long-term investment objectives.

(ii) Investment funds with debt instruments as underlying refer to investment funds solely investing in debt securities and cash therefrom.

(iii) For investment funds with equity instruments as underlying (other than those related to unit-linked contracts which the investment risk is generally borne by policyholders), approximately 78% (2025: approximately 74%) of the balance is listed equity funds.

(iv) As at 30 June 2026, the Group holds certain investment funds with aggregate carrying amount of HK$6,796.4 million (2025: HK$5,077.6 million) which the Group participated in the funds as a limited partner or participating shareholder while all funds are managed by its general partners or management shareholders and/or investment managers. Management considered that the Group has neither significant influence nor joint control over these funds and therefore accounted for as financial assets at FVPL.

23 FINANCIAL ASSETS (CONTINUED)

(c) Balances by currency

Financial assets are denominated in the following currencies:

As at 30 June 2026

HK$'m	FVPL	FVOCI	AC	Unit-linked FVPL	Total
Hong Kong dollar	**8,793.4**	**623.9**	**–**	**210.4**	**9,627.7**
United States dollar	**77,811.6**	**10,528.3**	**1,272.1**	**10,305.7**	**99,917.7**
Renminbi	**921.0**	**–**	**–**	**–**	**921.0**
Euro	**938.8**	**–**	**–**	**453.9**	**1,392.7**
Pound Sterling	**148.1**	**–**	**–**	**37.0**	**185.1**
Australian dollar	**639.4**	**55.3**	**–**	**16.4**	**711.1**
Singapore dollar	**133.8**	**–**	**–**	**–**	**133.8**
Others	**0.3**	**–**	**–**	**91.3**	**91.6**
	89,386.4	**11,207.5**	**1,272.1**	**11,114.7**	**112,980.7**

As at 30 June 2025

HK$'m	FVPL	FVOCI	AC	Unit-linked FVPL	Total
Hong Kong dollar	5,305.5	815.6	28.0	252.4	6,401.5
United States dollar	61,989.1	12,365.6	1,391.7	8,898.7	84,645.1
Renminbi	970.8	–	–	–	970.8
Euro	1,010.5	–	–	405.8	1,416.3
Pound Sterling	128.6	–	–	40.8	169.4
Australian dollar	351.5	54.9	–	16.5	422.9
Singapore dollar	132.1	–	–	–	132.1
Others	0.3	–	–	69.2	69.5
	69,888.4	13,236.1	1,419.7	9,683.4	94,227.6

23 FINANCIAL ASSETS (CONTINUED)

(d) Balances by liquidity

The estimated amounts and timing of cash inflow arising from financial assets are as follows:

As at 30 June 2026

HK$'m	FVPL	FVOCI	AC	Unit-linked FVPL	Total
Expected to recover after 12 months	**85,885.5**	**9,826.1**	**1,272.1**	**–**	**96,983.7**
Expected to recover within 12 months	**3,500.9**	**1,381.4**	**–**	**11,114.7**	**15,997.0**
	89,386.4	**11,207.5**	**1,272.1**	**11,114.7**	**112,980.7**

As at 30 June 2025

HK$'m	FVPL	FVOCI	AC	Unit-linked FVPL	Total
Expected to recover after 12 months	69,276.9	12,442.5	1,325.9	–	83,045.3
Expected to recover within 12 months	611.5	793.6	93.8	9,683.4	11,182.3
	69,888.4	13,236.1	1,419.7	9,683.4	94,227.6

The comparative information in this note are presented on a consistent manner to conform with the enhanced presentation.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	**2026 HK$'m**	2025 HK$'m
Derivative financial assets			
Cross currency swaps	(a)	**60.0**	42.7
Interest rate swaps	(b)	**22.5**	–
Bond forward contracts	(c)	**6.0**	–
Foreign exchange forward contracts		**2.2**	–
Equity index option contracts		**17.9**	18.1
Others		**210.7**	195.0
		319.3	255.8
Represented by			
Expected to recover after 12 months		**299.4**	237.7
Expected to recover within 12 months		**19.9**	18.1
		319.3	255.8
Derivative financial liabilities			
Cross currency swaps	(a)	**(897.6)**	(704.1)
Interest rate swaps	(b)	**(7.9)**	(90.0)
Bond forward contracts	(c)	**(256.6)**	(381.6)
Foreign exchange forward contracts		**(4.2)**	(29.4)
Equity index option contracts		**(58.1)**	(62.1)
		(1,224.4)	(1,267.2)
Represented by			
Expected to settle after 12 months		**(494.0)**	(968.6)
Expected to settle within 12 months		**(730.4)**	(298.6)
		(1,224.4)	(1,267.2)

24 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cross currency swaps

As at 30 June 2026, the Group has certain cross currency swap contracts designated as cash flow hedges against its foreign currency risk in respect of cash flows from certain bond investments, bank loans and fixed rate bonds with total notional amount of US$0.6 million (2025: US$0.6 million), HK$7,505.7 million (2025: HK$8,505.7 million) and US$640.0 million (2025: US$640.0 million), respectively and with maturities ranging from 2026 to 2029 (2025: 2026 to 2029). These cross currency swap contracts are entered with several counterparties over-the-counter. The Group seeks to hedge the foreign currency risk by the exchange of payments denominated in targeted currency, and applies a hedge ratio of 1:1. The existence of an economic relationship between the cross currency swap contracts and the highly probable forecast transactions/actual transaction is determined based on their currency amounts and the timing of their respective cash flows. The tenor of the cross currency swap contracts have been negotiated to match the terms of the underlying bond investments, bank loans and fixed rate bonds. The cash flow hedges were assessed to be highly effective and the related cumulative losses in the hedge reserve amounted to HK$48.6 million (2025: HK$178.1 million).

As at 30 June 2026, the Group also has certain cross currency swap contracts to hedge against the exposure to foreign exchange risk from translation of net investment in foreign operations denominated in Renminbi. The total notional amount of the net investment hedges amounted to HK$2,000.0 million (2025: HK$4,500.0 million). The cumulative losses on net investment hedges in the exchange reserve amounted to HK$225.1 million (2025: HK$50.4 million).

(b) Interest rate swaps

As at 30 June 2026, the Group has certain interest rate swap contracts designated as cash flow hedges against its interest rate risk in respect of cash flows from certain bank loans with total notional amount of HK$3,870.0 million (2025: HK$4,000.0 million) with maturities ranging from 2027 to 2029 (2025: 2026 to 2029). These interest rate swap contracts are entered with several counterparties over-the-counter. The Group seeks to hedge the interest rate risk by paying an amount at fixed rate and receiving at floating rate based on HIBOR, and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swap contracts and the highly probable forecast transactions is determined based on their amounts and the timing of their respective cash flows. The tenor of the interest rate swap contracts have been negotiated to match the terms of the underlying bank loans.

These cash flow hedges were assessed to be highly effective and the related cumulative gains in the hedge reserve amounted to HK$14.7 million (2025: cumulative losses of HK$113.4 million).

(c) Bond forward contracts

As at 30 June 2026, the Group's insurance business held bond forward contracts for the purpose of naturally hedge cash flows against its interest rate risk in respect of bonds to be able to lock-in the yield of the future cash inflows. The total notional amount was US$430 million (2025: US$525 million) maturing in less than one year to five years (2025: same). Since the underlying securities are accounted for as financial assets at FVPL, no hedge accounting is designated. The Group can early terminate the bond forward contracts prior to expiry at fair value on the termination date, on net settlement basis.

25 TRADE AND OTHER RECEIVABLES

	Note	**2026 HK$'m**	2025 HK$'m
Trade receivables	(a)	**1,659.6**	1,853.2
Other receivables, deposits and prepayments	(b)	**1,104.3**	1,597.7
Retention money receivables		**2,491.7**	2,225.6
Securities trading settlement receivables		**87.6**	1,917.3
Contract assets	26	**2,943.9**	3,625.5
Deferred tax assets	33	**37.7**	60.7
Amounts due from associated companies	(c)	**327.9**	27.5
Amounts due from joint ventures	(c)	**132.1**	183.6
	(d)	**8,784.8**	11,491.1
Expected to recover after 12 months		**3,731.6**	2,439.1
Expected to recover within 12 months		**5,053.2**	9,052.0
		8,784.8	11,491.1

(a) The ageing analysis of trade receivables based on invoice date is as follows:

	2026 HK$'m	2025 HK$'m
Under 3 months	**1,550.3**	1,711.3
4 to 6 months	**2.8**	22.9
Over 6 months	**106.5**	119.0
	1,659.6	1,853.2

(b) The balance includes construction related receivables amounting to HK$52.7 million (2025: HK$152.4 million) which have not yet been billed at year end.

(c) As at 30 June 2026, the amounts due from associated companies and joint ventures of the Group are interest free, unsecured and repayable on demand or within the next 12 months from the end of the reporting period except for an amount of HK$287.5 million (2025: nil) due from an associated company which carries interest at 4.5% per annum. Balance as at 30 June 2025 also included an amount of HK$7.6 million due from a joint venture which carried interest at Hong Kong prime rate.

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) The movement of loss allowances are as follows:

HK$'m	Note	Trade receivables	Other receivables and deposits	Retention money receivables	Contract assets	Amounts due from joint ventures	Total
As at 1 July 2025		**2.9**	**230.2**	**119.4**	**5.4**	**–**	**357.9**
Expected credit loss provision recognized	8	**0.1**	**6.9**	**–**	**4.1**	**–**	**11.1**
Reversals	8	**(0.4)**	**(5.7)**	**(0.4)**	**–**	**–**	**(6.5)**
Amount written off		**–**	**(24.3)**	**–**	**–**	**–**	**(24.3)**
As at 30 June 2026		**2.6**	**207.1**	**119.0**	**9.5**	**–**	**338.2**

HK$'m	Note	Trade receivables	Other receivables and deposits	Retention money receivables	Contract assets	Amounts due from joint ventures	Total
As at 1 July 2024		5.0	232.1	143.5	4.1	–	384.7
Expected credit loss provision recognized	8	–	9.5	–	1.3	9.6	20.4
Reversals	8	(2.1)	(6.9)	(24.1)	–	–	(33.1)
Amount written off		–	(4.5)	–	–	(9.6)	(14.1)
As at 30 June 2025		2.9	230.2	119.4	5.4	–	357.9

During the current year, management has assessed the expected credit loss on performing financial assets based on methodology set out in note 4(b) and HK$20.8 million expected credit loss provision has been reversed (2025: HK$7.0 million expected credit loss provision was made). For non-performing assets including trade receivables, other receivables, retention money receivables and contract assets of certain construction projects, management has assessed the expected credit loss based on lifetime expected credit loss approach with reference to the creditability of the specific counterparties, HK$25.4 million expected credit loss provision has been made (2025: HK$19.7 million expected credit loss provision has been reversed).

(e) Included in the Group's trade and other receivables are HK$223.5 million (2025: HK$2,062.4 million) denominated in United States dollar and HK$647.3 million (2025: HK$490.2 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.

26 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities are related to the Group's construction business, details are as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Contract assets	25	**2,943.9**	3,625.5
Contract liabilities	37	**(628.7)**	(280.0)
		2,315.2	3,345.5

The following table shows the amount of revenue recognized in the current reporting period relates to contract liabilities balance at the beginning of the year and the amount relates to performance obligations that were satisfied/partially satisfied in previous years:

	2026 HK$'m	2025 HK$'m
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**142.9**	485.6
Revenue recognized from performance obligations satisfied/partially satisfied in previous years	**9.7**	507.6

The following table shows the amount of unsatisfied performance obligations:

	2026 HK$'m	2025 HK$'m
Expected to be recognized after one year	**16,484.2**	17,622.9
Expected to be recognized within one year	**16,898.2**	20,831.3
	33,382.4	38,454.2

27 INVESTMENTS/FINANCIAL LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

(a) Investments related to unit-linked contracts are analyzed as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Financial assets at FVPL — Investment funds	23	**11,114.7**	9,683.4
Cash and bank balances		**33.4**	26.7
		11,148.1	9,710.1

(b) Financial liabilities related to unit-linked contracts are analyzed as follows:

	2026 HK$'m	2025 HK$'m
Expected to settle after 12 months	**125.5**	124.2
Expected to settle within 12 months	**4,239.0**	4,059.4
	4,364.5	4,183.6

28 CASH AND BANK BALANCES

	2026 HK$'m	2025 HK$'m
Time deposits — with original maturity within three months	**11,370.8**	7,658.0
Time deposits — with original maturity more than three months	**17.2**	13.9
Other cash at bank and on hand	**9,372.7**	12,538.8
	20,760.7	20,210.7

The effective interest rate on time deposits is 3.15% (2025: 3.01%) per annum; these deposits have an average maturity of 25 days (2025: 13 days).

The balances include HK$3,330.6 million (2025: HK$2,750.5 million) which are kept in the bank accounts opened with banks in the Chinese Mainland where the remittance of funds is subject to foreign exchange control.

The cash and bank balances are denominated in the following currencies:

	2026 HK$'m	2025 HK$'m
Hong Kong dollar	**5,992.1**	4,003.6
United States dollar	**10,927.7**	12,970.4
Renminbi	**3,691.5**	2,966.6
Euro	**122.7**	245.9
Macau Pataca	**5.5**	4.8
Others	**21.2**	19.4
	20,760.7	20,210.7

29 ASSETS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD-FOR-SALE

In May 2026, the Group entered into an equity transfer agreement for the disposal of its entire equity interest in Hunan CTFS, an indirect wholly owned subsidiary of the Group and principally engaged in the operation of an expressway in Hunan Province, at a consideration of approximately RMB1.61 billion (equivalent to HK$1,861.3 million). As at 30 June 2026, the assets and liabilities of Hunan CTFS were classified as held-for-sale and were measured at the lower of carrying amount and fair value less costs to sell. A remeasurement loss of HK$73.7 million was recognized by the Group after taking into account of the cost to perfecting the title and included in "other income and gains, net" in FY2026. The disposal was completed on 24 July 2026 and the shareholder's loan to Hunan CTFS and its accrued interest have been fully repaid as at the date of this report.

The assets and liabilities classified as held-for-sale as at 30 June 2026, which have been presented separately in the consolidated statement of financial position, are as follows:

	Note	**HK$'m**
Assets held-for-sale		
Intangible concession rights	(a), 17	**4,066.3**
Property, plant and equipment	19	**56.5**
Trade and other receivables		**10.1**
Cash and bank balances		**424.2**
		4,557.1
Less: remeasurement loss on assets classified as held-for-sale	8	**(73.7)**
		4,483.4
Liabilities directly associated with assets held-for-sale		
Borrowings and other interest-bearing liabilities	41(b)	**(2,438.9)**
Loan from shareholder and accrued interest		**(245.9)**
Trade and other payables		**(60.3)**
Taxation		**(0.3)**
		(2,745.4)
Less: loan from shareholder and accrued interest		**245.9**
		(2,499.5)

(a) As at 30 June 2026, the intangible concession right of the expressway was pledged as a security for the bank loan of Hunan CTFS.

30 SHARE CAPITAL

	Ordinary shares	
	Number of shares	HK$'m
Authorized		
As at 1 July 2024, 30 June 2025 and 30 June 2026	**6,000,000,000**	**6,000.0**
Issued and fully paid		
As at 1 July 2024	3,997,540,085	3,997.5
Conversion of convertible bonds	12,309,373	12.3
As at 30 June 2025	4,009,849,458	4,009.8
Exercise of share options	**5,554,317**	**5.6**
Issued as scrip dividends	**7,043,779**	**7.1**
Conversion of convertible bonds	**137,369,579**	**137.4**
Issue of bonus shares	**406,440,888**	**406.4**
As at 30 June 2026	**4,566,258,021**	**4,566.3**

The Company has made a bonus issue of shares to the shareholders of the Company on the basis of one bonus share for every ten shares held by the shareholders whose names appear on the register of members of the Company on 24 November 2025. The bonus shares ranked pari passu in all other respects with the other issued shares of the Company.

Share Option Scheme

The Group operates equity-settled, share-based compensation plans. A share option scheme was adopted by the Company on 23 November 2021 (as amended on 13 January 2025 and 18 November 2025) (the "2021 Share Option Scheme"), which is valid and effective for a period of ten years from the date of adoption. The Board may, at their discretion, grant options to any eligible participant as defined under the 2021 Share Option Scheme to subscribe for the shares of the Company.

30 SHARE CAPITAL (CONTINUED)

Share Option Scheme (continued)

Movements in the number of share options outstanding during the year are as follows:

	Note	Number of options		Weighted average exercise price per share of each category	
		2026	2025	**2026**	2025
				HK$	HK$
At beginning of year		**98,486,351**	–	**7.464**	–
Granted	(a)	**113,044,500**	99,969,342	**8.390**	7.464
Adjusted	(b)	**9,762,074**	–	**6.785**	–
Exercised		**(5,554,317)**	–	**6.784**	–
Lapsed/cancelled		**(3,116,370)**	(1,482,991)	**7.426**	7.464
At end of year		**212,622,238**	98,486,351	**7.632**	7.464
Exercisable as at end of year		**15,811,934**	–	**6.784**	–

(a) On 19 January 2026, 113,044,500 share options were granted to directors of the Company and certain eligible participants at the exercise price of HK$8.39 per share. The share options granted have a vesting period of 1 to 3 years and will be vested according to the 2021 Share Option Scheme and the terms of grant provided that the grantee remains as an eligible participant on such vesting date.

The fair value of the share options determined at the date of grant using the binomial option pricing model in accordance with HKFRS 2 "Share-based Payment" was HK$1.13 and HK$1.11 per share option granted to the directors of the Company and other eligible participants respectively. Value is determined based on market closing price per ordinary share of the Company at HK$8.39 at the date of grant, the risk-free rate of 3.16% per annum with reference to the market yield rate prevailing on the Hong Kong government bond with maturity nearest to the expiry date of share options, expected volatility of 30% based on an approximately ten-year period historical share price volatility, assuming dividend yield of 8.28% per annum based on the management's best estimate having taken into consideration the dividend policy of the Company and an option life of ten years.

(b) Pursuant to the 2021 Share Option Scheme, the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. The Company issued and allotted bonus shares and certain shares as scrip dividends during the Current Period which gave rise to adjustments to the number of unexercised share options and the exercise price in accordance with the 2021 Share Option Scheme. The exercise price per share for the share options granted on 24 January 2025 was adjusted to HK$6.785 with effect from 20 November 2025 and further adjusted to HK$6.784 with effect from 23 December 2025.

31 RESERVES

HK$'m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI reserve (non-recycling)	FVOCI reserve (recycling)	Insurance finance reserve	Exchange reserve	Revenue reserve	Total
As at 30 June 2025 and 1 July 2025		18,387.3	510.9	6,335.3	(291.5)	(351.7)	(1,399.3)	(30.4)	(1,568.1)	11,914.5	33,507.0
Profit attributable to shareholders of the Company		–	–	–	–	–	–	–	–	2,392.6	2,392.6
Dividends paid to shareholders of the Company	13	–	–	–	–	–	–	–	–	(2,701.0)	(2,701.0)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		–	–	–	–	–	361.9	–	–	–	361.9
Release of reserves upon partial disposal of interest in an associated company		–	(1.0)	–	–	–	–	–	34.7	–	33.7
Net fair value change on equity instruments as financial assets at FVOCI											
Company and subsidiaries		–	–	–	–	429.5	–	–	–	–	429.5
Associated company		–	–	–	–	(45.2)	–	–	–	–	(45.2)
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		–	–	–	–	–	(21.4)	–	–	–	(21.4)
Currency translation differences		–	–	–	–	–	–	–	481.8	–	481.8
Scrip dividends											
New shares issued		43.9	–	–	–	–	–	–	–	–	43.9
Share options											
Value of services provided											
Company and subsidiaries	10(a)	–	77.0	–	–	–	–	–	–	–	77.0
New shares issued		37.6	(5.5)	–	–	–	–	–	–	–	32.1
Conversion of convertible bonds		830.6	–	–	–	–	–	–	–	–	830.6
Issue of bonus shares		(406.4)	–	–	–	–	–	–	–	–	(406.4)
Share of other comprehensive income and reserve of associated companies and a joint venture		–	19.2	–	–	–	–	–	–	4.6	23.8
Insurance finance expenses		–	–	–	–	–	–	(147.1)	–	–	(147.1)
Cash flow hedges		–	–	–	257.6	–	–	–	–	–	257.6
Remeasurement of post-employment benefit obligation		–	–	–	–	–	–	–	–	10.9	10.9
Transaction costs in relation to perpetual capital securities		–	–	–	–	–	–	–	–	(9.8)	(9.8)
Transfer of reserve upon disposal of equity instruments as financial assets at FVOCI		–	–	–	–	23.6	–	–	–	(23.6)	–
Other transfer of reserves		–	132.2	–	–	–	–	–	–	(132.2)	–
As at 30 June 2026		**18,893.0**	**732.8**	**6,335.3**	**(33.9)**	**56.2**	**(1,058.8)**	**(177.5)**	**(1,051.6)**	**11,456.0**	**35,151.5**

31 RESERVES (CONTINUED)

HK$'m	Note	Share premium	Special reserves	Property revaluation reserve	Hedge reserves	FVOCI reserve (non-recycling)	FVOCI reserve (recycling)	Insurance finance reserve	Exchange reserve	Revenue reserve	Total
As at 1 July 2024		18,303.6	444.3	6,335.3	81.8	(647.0)	(2,025.8)	(137.1)	(1,920.9)	14,464.5	34,898.7
Profit attributable to shareholders of the Company		–	–	–	–	–	–	–	–	2,162.0	2,162.0
Dividends paid to shareholders of the Company		–	–	–	–	–	–	–	–	(3,802.3)	(3,802.3)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		–	–	–	–	–	459.9	–	–	–	459.9
Net fair value change on equity instruments as financial assets at FVOCI											
Company and subsidiaries		–	–	–	–	(25.2)	–	–	–	–	(25.2)
Associated company		–	–	–	–	(48.8)	–	–	–	–	(48.8)
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		–	–	–	–	–	166.6	–	–	–	166.6
Currency translation differences		–	–	–	–	–	–	–	111.1	–	111.1
Share options											
Value of services provided Company and subsidiaries	10(a)	–	24.3	–	–	–	–	–	–	–	24.3
Conversion of convertible bonds		83.7	–	–	–	–	–	–	–	–	83.7
Share of other comprehensive income and reserve of associated companies and joint ventures		–	6.9	–	–	(0.9)	–	–	–	(510.8)	(504.8)
Share of release of reserve of a joint venture		–	–	–	–	–	–	–	241.7	–	241.7
Net insurance finance income		–	–	–	–	–	–	106.7	–	–	106.7
Cash flow hedges		–	–	–	(373.3)	–	–	–	–	–	(373.3)
Remeasurement of post-employment benefit obligation		–	–	–	–	–	–	–	–	6.7	6.7
Transfer of reserve upon disposal of equity instruments as financial assets at FVOCI		–	–	–	–	370.2	–	–	–	(370.2)	–
Other transfer of reserves		–	35.4	–	–	–	–	–	–	(35.4)	–
As at 30 June 2025		18,387.3	510.9	6,335.3	(291.5)	(351.7)	(1,399.3)	(30.4)	(1,568.1)	11,914.5	33,507.0

Special reserves include statutory reserves which are created in accordance with the relevant laws of the Chinese Mainland and/or terms of the joint venture agreements of subsidiaries and joint ventures established in the Chinese Mainland and are required to be retained in the financial statements of these subsidiaries and joint ventures for specific purposes. Special reserves also include capital redemption reserve, contributed surplus and share option reserve.

32 PERPETUAL CAPITAL SECURITIES

The balance represents US$300.0 million in aggregate principal amount of senior perpetual capital securities issued in June 2024 with floating coupon to a private investor.

These securities are perpetual and the payments of distribution can be deferred at the discretion of the Group. The securities are classified as equity in the consolidated financial statements of the Group.

33 DEFERRED TAX

Deferred tax assets and liabilities are offset when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	Note	**2026 HK$'m**	2025 HK$'m
Deferred tax assets	25	**37.7**	60.7
Deferred tax liabilities		**(1,103.4)**	(1,152.1)
		(1,065.7)	(1,091.4)

	Note	**2026 HK$'m**	2025 HK$'m
At beginning of year		**(1,091.4)**	(1,181.6)
Translation differences		**(58.9)**	(18.5)
Acquisition of subsidiaries		**–**	0.8
Net amount credited to the consolidated income statement	12	**84.6**	107.9
At end of year		**(1,065.7)**	(1,091.4)

(a) Deferred tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable. The Group has unrecognized tax losses of HK$1,357.8 million (2025: HK$1,202.7 million) to be carried forward against future taxable income. These tax losses have no expiry dates except for the tax losses of HK$520.2 million (2025: HK$326.8 million) which will expire at various dates up to and including 2031 (2025: 2030).

33 DEFERRED TAX (CONTINUED)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) during the year are as follows:

Deferred tax assets

	Tax losses		Other deductible temporary differences		Total	
HK$'m	**2026**	2025	**2026**	2025	**2026**	2025
At beginning of year	**33.9**	71.9	**42.0**	40.6	**75.9**	112.5
Translation differences	**0.2**	–	**0.7**	0.3	**0.9**	0.3
Acquisition of subsidiaries	**–**	–	**–**	4.1	**–**	4.1
Charged to the consolidated income statement	**(0.8)**	(38.0)	**(26.2)**	(3.0)	**(27.0)**	(41.0)
At end of year	**33.3**	33.9	**16.5**	42.0	**49.8**	75.9

Deferred tax liabilities

	Accelerated tax depreciation		Amortization of concession rights		Undistributed profits of subsidiaries, associated companies and joint ventures		Others		Total	
HK$'m	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
At beginning of year	**(33.3)**	(40.4)	**(915.7)**	(1,047.0)	**(203.4)**	(194.4)	**(14.9)**	(12.3)	**(1,167.3)**	(1,294.1)
Translation differences	**-**	-	**(47.4)**	(15.6)	**(11.0)**	(3.2)	**(1.4)**	-	**(59.8)**	(18.8)
Acquisition of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	(3.3)	**-**	(3.3)
Credited/(charged) to the consolidated income statement	**4.7**	7.1	**157.1**	146.9	**20.0**	(5.8)	**(70.2)**	0.7	**111.6**	148.9
At end of year	**(28.6)**	(33.3)	**(806.0)**	(915.7)	**(194.4)**	(203.4)	**(86.5)**	(14.9)	**(1,115.5)**	(1,167.3)

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

An analysis by measurement component of insurance contracts are as follows:

	2026 HK$'m	2025 HK$'m
Estimates of present value of future cash flows	**79,824.3**	65,615.7
Risk adjustment for non-financial risk	**1,273.2**	1,174.5
CSM	**11,304.3**	9,273.0
Net balance	**92,401.8**	76,063.2
Insurance contract assets	**(1,341.7)**	(1,418.6)
Insurance contract liabilities	**93,743.5**	77,481.8
	92,401.8	76,063.2
Expected to settle after 12 months	**91,458.6**	75,739.8
Expected to settle within 12 months	**943.2**	323.4
	92,401.8	76,063.2

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

An analysis by measurement component of reinsurance contracts held are as follows:

	2026	2025
	HK$'m	HK$'m
Estimates of present value of future cash flows	**(26.4)**	(6.8)
Risk adjustment for non-financial risk	**(24.2)**	(20.8)
CSM	**(53.9)**	(69.8)
Net balance	**(104.5)**	(97.4)
Reinsurance contract assets	**(104.5)**	(97.4)
Reinsurance contract liabilities	**–**	–
	(104.5)	(97.4)
Expected to settle/(recover) after 12 months	**50.9**	(5.6)
Expected to recover within 12 months	**(155.4)**	(91.8)
	(104.5)	(97.4)

The following reconciliations show how the net carrying amounts of insurance contracts changed during the year as a result of cash flows and amounts recognized in the consolidated income statement and consolidated statement of comprehensive income. The Group presents a table separately analyzing movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated income statement and consolidated statement of comprehensive income. A second reconciliation is presented for contracts not measured under the PAA, which separately analyzes changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of future cash flows from insurance contract assets and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA

2026		Liabilities for remaining coverage			
HK$'m	Note	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(1,422.5)	0.9	3.0	(1,418.6)
Opening liabilities		76,951.9	13.5	453.7	77,419.1
Net opening balance		75,529.4	14.4	456.7	76,000.5
Insurance revenue	6	(4,387.8)	–	–	(4,387.8)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(4.1)	1,680.3	1,676.2
Amortization of insurance acquisition cash flows		1,234.7	–	–	1,234.7
Losses and reversals of losses on onerous contracts		–	1.4	–	1.4
Adjustments to liabilities for incurred claims		–	–	172.1	172.1
Total insurance service expenses		1,234.7	(2.7)	1,852.4	3,084.4
Investment components		(2,720.6)	–	2,720.6	–
Insurance service result		(5,873.7)	(2.7)	4,573.0	(1,303.4)
Net finance expenses from insurance contracts		6,683.6	0.2	3.8	6,687.6
Total changes in the consolidated statement of comprehensive income		809.9	(2.5)	4,576.8	5,384.2
Cash flows					
Premium received		18,627.9	–	–	18,627.9
Claims and other insurance service expenses paid; including investment components		–	–	(4,572.0)	(4,572.0)
Insurance acquisition cash flows		(3,121.6)	–	–	(3,121.6)
Other amounts received		23.5	–	–	23.5
Total cash flows		15,529.8	–	(4,572.0)	10,957.8
Net closing balance		91,869.1	11.9	461.5	92,342.5
Closing assets		(1,346.0)	0.9	3.4	(1,341.7)
Closing liabilities		93,215.1	11.0	458.1	93,684.2
Net closing balance		91,869.1	11.9	461.5	92,342.5

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA (continued)

2025		Liabilities for remaining coverage			
HK$'m	Note	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening assets		(1,070.7)	0.6	521.8	(548.3)
Opening liabilities		64,555.2	20.7	(91.3)	64,484.6
Net opening balance		63,484.5	21.3	430.5	63,936.3
Insurance revenue	6	(3,718.2)	–	–	(3,718.2)
Insurance service expenses					
Incurred claims and other insurance service expenses		–	(16.3)	1,529.0	1,512.7
Amortization of insurance acquisition cash flows		938.9	–	–	938.9
Losses and reversals of losses on onerous contracts		–	(11.6)	–	(11.6)
Adjustments to liabilities for incurred claims		–	–	173.5	173.5
Total insurance service expenses		938.9	(27.9)	1,702.5	2,613.5
Investment components		(2,390.7)	–	2,390.7	–
Insurance service result		(5,170.0)	(27.9)	4,093.2	(1,104.7)
Net finance expenses/(income) from insurance contracts		5,099.5	21.0	(38.6)	5,081.9
Total changes in the consolidated statement of comprehensive income		(70.5)	(6.9)	4,054.6	3,977.2
Cash flows					
Premium received		14,534.7	–	–	14,534.7
Claims and other insurance service expenses paid; including investment components		–	–	(4,028.4)	(4,028.4)
Insurance acquisition cash flows		(2,999.3)	–	–	(2,999.3)
Other amounts received		580.0	–	–	580.0
Total cash flows		12,115.4	–	(4,028.4)	8,087.0
Net closing balance		75,529.4	14.4	456.7	76,000.5
Closing assets		(1,422.5)	0.9	3.0	(1,418.6)
Closing liabilities		76,951.9	13.5	453.7	77,419.1
Net closing balance		75,529.4	14.4	456.7	76,000.5

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by measurement component of insurance contracts not measured under the PAA

2026			CSM		
HK$'m	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Opening assets	(2,633.5)	300.0	658.4	256.5	(1,418.6)
Opening liabilities	68,186.5	874.5	4,215.4	4,142.7	77,419.1
Net opening balance	65,553.0	1,174.5	4,873.8	4,399.2	76,000.5
Insurance service result					
Changes that relate to current services					
CSM recognized for services provided	–	–	(709.9)	(658.5)	(1,368.4)
Change in risk adjustment for non-financial risk	–	(15.7)	–	–	(15.7)
Experience adjustments	(92.8)	–	–	–	(92.8)
Changes that relate to future services					
Contracts initially recognized in the year	(1,216.8)	80.0	–	1,137.2	0.4
Changes in estimates that adjust the CSM	(2,410.5)	35.3	1,627.6	747.6	–
Changes in estimates that result in losses and reversals of losses on onerous contracts	1.9	(0.9)	–	–	1.0
Changes that relate to past services					
Adjustments to assets for incurred claims	172.1	–	–	–	172.1
Total insurance service result	(3,546.1)	98.7	917.7	1,226.3	(1,303.4)
Net finance expenses/(income) from insurance contracts	6,800.3	–	(22.5)	(90.2)	6,687.6
Total changes in the consolidated statement of comprehensive income	3,254.2	98.7	895.2	1,136.1	5,384.2
Cash flows					
Premium received	18,627.9	–	–	–	18,627.9
Claims and other insurance service expenses paid; including investment components	(4,572.0)	–	–	–	(4,572.0)
Insurance acquisition cash flows	(3,121.6)	–	–	–	(3,121.6)
Other amounts received	23.5	–	–	–	23.5
Total cash flows	10,957.8	–	–	–	10,957.8
Net closing balance	79,765.0	1,273.2	5,769.0	5,535.3	92,342.5
Closing assets	(2,805.3)	298.8	725.2	439.6	(1,341.7)
Closing liabilities	82,570.3	974.4	5,043.8	5,095.7	93,684.2
Net closing balance	79,765.0	1,273.2	5,769.0	5,535.3	92,342.5

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by measurement component of insurance contracts not measured under the PAA (continued)

2025			CSM		
HK$'m	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Opening assets	(1,650.4)	249.8	699.2	153.1	(548.3)
Opening liabilities	56,037.8	939.9	5,599.0	1,907.9	64,484.6
Net opening balance	54,387.4	1,189.7	6,298.2	2,061.0	63,936.3
Insurance service result					
Changes that relate to current services					
CSM recognized for services provided	–	–	(677.6)	(452.5)	(1,130.1)
Change in risk adjustment for non-financial risk	–	3.0	–	–	3.0
Experience adjustments	(139.4)	–	–	–	(139.4)
Changes that relate to future services					
Contracts initially recognized in the year	(1,129.0)	91.3	–	1,037.9	0.2
Changes in estimates that adjust the CSM	(903.7)	(151.8)	(725.3)	1,780.8	–
Changes in estimates that result in losses and reversals of losses on onerous contracts	(54.2)	42.3	–	–	(11.9)
Changes that relate to past services					
Adjustments to assets for incurred claims	173.5	–	–	–	173.5
Total insurance service result	(2,052.8)	(15.2)	(1,402.9)	2,366.2	(1,104.7)
Net finance expenses/(income) from insurance contracts	5,131.4	–	(21.5)	(28.0)	5,081.9
Total changes in the consolidated statement of comprehensive income	3,078.6	(15.2)	(1,424.4)	2,338.2	3,977.2
Cash flows					
Premium received	14,534.7	–	–	–	14,534.7
Claims and other insurance service expenses paid; including investment components	(4,028.4)	–	–	–	(4,028.4)
Insurance acquisition cash flows	(2,999.3)	–	–	–	(2,999.3)
Other amounts received	580.0	–	–	–	580.0
Total cash flows	8,087.0	–	–	–	8,087.0
Net closing balance	65,553.0	1,174.5	4,873.8	4,399.2	76,000.5
Closing assets	(2,633.5)	300.0	658.4	256.5	(1,418.6)
Closing liabilities	68,186.5	874.5	4,215.4	4,142.7	77,419.1
Net closing balance	65,553.0	1,174.5	4,873.8	4,399.2	76,000.5

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts under the PAA

2026		Liabilities for remaining coverage		Liabilities for incurred claims		
HK$'m	Note	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		–	–	–	–	–
Opening liabilities		41.5	–	21.2	–	62.7
Net opening balance		41.5	–	21.2	–	62.7
Insurance revenue	6	(179.0)	–	–	–	(179.0)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	112.7	–	112.7
Amortization of insurance acquisition cash flows		28.1	–	–	–	28.1
Losses and reversals of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	11.1	–	11.1
Total insurance service expenses		28.1	–	123.8	–	151.9
Investment components		0.1	–	(0.1)	–	–
Insurance service result		(150.8)	–	123.7	–	(27.1)
Net finance income from insurance contracts		(0.2)	–	–	–	(0.2)
Total changes in the consolidated statement of comprehensive income		(151.0)	–	123.7	–	(27.3)
Cash flows						
Premium received		177.9	–	–	–	177.9
Claims and other insurance service expenses paid; including investment components		–	–	(129.3)	–	(129.3)
Insurance acquisition cash flows		(24.7)	–	–	–	(24.7)
Other amounts received		–	–	–	–	–
Total cash flows		153.2	–	(129.3)	–	23.9
Net closing balance		43.7	–	15.6	–	59.3
Closing assets		–	–	–	–	–
Closing liabilities		43.7	–	15.6	–	59.3
Net closing balance		43.7	–	15.6	–	59.3

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts under the PAA (continued)

2025		Liabilities for remaining coverage		Liabilities for incurred claims		
HK$'m	Note	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		–	–	–	–	–
Opening liabilities		85.1	–	(3.8)	–	81.3
Net opening balance		85.1	–	(3.8)	–	81.3
Insurance revenue	6	(172.8)	–	–	–	(172.8)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	113.2	–	113.2
Amortization of insurance acquisition cash flows		25.7	–	–	–	25.7
Losses and reversals of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	13.2	–	13.2
Total insurance service expenses		25.7	–	126.4	–	152.1
Investment components		–	–	–	–	–
Insurance service result		(147.1)	–	126.4	–	(20.7)
Net finance expenses/(income) from insurance contracts		0.2	–	(0.6)	–	(0.4)
Total changes in the consolidated statement of comprehensive income		(146.9)	–	125.8	–	(21.1)
Cash flows						
Premium received		127.8	–	–	–	127.8
Claims and other insurance service expenses paid; including investment components		–	–	(100.8)	–	(100.8)
Insurance acquisition cash flows		(24.5)	–	–	–	(24.5)
Other amounts received		–	–	–	–	–
Total cash flows		103.3	–	(100.8)	–	2.5
Net closing balance		41.5	–	21.2	–	62.7
Closing assets		–	–	–	–	–
Closing liabilities		41.5	–	21.2	–	62.7
Net closing balance		41.5	–	21.2	–	62.7

34 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Discount rates

The tables below set out the spot rates used to discount the cash flows of insurance contracts:

	Discount rate assumptions
As at 30 June 2026	**3.66%–5.78%**
As at 30 June 2025	2.74%–5.79%

35 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	Note	**2026 HK$'m**	2025 HK$'m
Secured long-term bank loans	(a), (b), (c)	**1,586.4**	3,861.0
Unsecured long-term bank loans	(b), (c)	**23,236.6**	21,378.1
Unsecured short-term bank loans	(c)	**167.4**	41.5
Unsecured fixed rate bonds	(d)	**7,412.0**	9,581.2
Cash collateral received for derivative financial instruments	(e)	**12.8**	–
		32,415.2	34,861.8
Expected to settle after 12 months		**24,506.4**	25,421.5
Expected to settle within 12 months		**7,908.8**	9,440.3
		32,415.2	34,861.8

(a) As at 30 June 2026, the Group's intangible concession rights of an expressway in Hunan with net book value of HK$2,000.3 million (2025: two expressways in Hunan with net book value of HK$6,040.4 million) and certain investment properties in Hong Kong and the Chinese Mainland with aggregate balance of HK$2,172.6 million (2025: HK$1,095.8 million) were pledged as securities for these bank loans.

35 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

(b) The maturity of long-term bank loans is as follows:

	2026 HK$'m	2025 HK$'m
Within one year	**5,302.2**	7,080.0
In the second year	**7,951.5**	7,210.1
In the third to fifth year	**11,004.6**	9,119.7
After the fifth year	**564.7**	1,829.3
	24,823.0	25,239.1

(c) The effective interest rates of bank loans at the end of the reporting period are as follows (after taking into account cross currency swap contracts and interest rate swap contracts entered):

	2026	2025
Hong Kong dollar	**3.87%**	1.87%
Renminbi	**3.09%**	3.38%

(d) Fixed rate bonds

As at 30 June 2026, fixed rate bonds represent the following:

(i) US$650.0 million bonds issued in June 2019 at a price 99.718% of the principal amount bearing a coupon rate of 4.25% per annum. These bonds are unsecured, have maturity of ten years falling due 2029 and listed on the Hong Kong Stock Exchange. The effective interest rate applied is 4.42% per annum. As at 30 June 2026, US$243.6 million (2025: US$243.6 million) in aggregate principal amount of the bonds remains outstanding;

(ii) RMB2,000.0 million bonds issued in November 2023 at a price of 100.0% of the principal amount bearing a coupon rate of 3.90% per annum. These bonds are unsecured, have maturity of three years falling due 2026 and traded on the China Interbank Bond Market;

(iii) RMB100.0 million bonds issued in March 2024 at a price of 100.0% of the principal amount bearing a coupon rate of 3.55% per annum. These bonds are unsecured, have maturity of three years falling due 2027 and traded on the China Interbank Bond Market; and

(iv) US$400.0 million bonds issued in August 2024 at a price 99.265% of the principal amount bearing a coupon rate of 6.375% per annum. These bonds are unsecured, have maturity of four years falling due 2028 and listed on the Hong Kong Stock Exchange. The effective interest rate applied is 6.80% per annum.

35 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

(d) Fixed rate bonds (continued)

As at 30 June 2025, the balance included RMB1,500.0 million bonds issued in May 2023 at a price of 100.0% of the principal amount bearing a coupon rate of 3.90% per annum. These bonds are unsecured, have maturity of three years falling due 2026 and traded on the China Interbank Bond Market. These bonds were matured and redeemed in May 2026.

As at 30 June 2025, the balance also included HK$780.0 million convertible bonds issued in January 2025 at a price of 100.0% of the principal amount bearing a coupon rate of 4.0% per annum. These bonds are unsecured, have maturity of 6 months falling due July 2025 and listed on the Vienna MTF operated by the Vienna Stock Exchange. As at 30 June 2025, HK$684.0 million in aggregate principal amount of the bonds remained outstanding.

In July 2025, the Company issued HK$850.0 million convertible bonds at a price of 100.0% of the principal amount bearing a coupon rate of 2.8% per annum and concurrently repurchased the remaining HK$566.0 million in aggregate principal amount of 4.0% Convertible Bonds. These bonds are unsecured, have maturity of 18 months falling due January 2027 and listed on the Vienna MTF operated by the Vienna Stock Exchange. The bondholders have the right, at any time on or after the issue date and up to the close of business on the date falling five days prior to the maturity date, to convert the convertible bonds into ordinary shares of the Company at an initial conversion price of HK$7.67 per share, subject to adjustments. The conversion price was adjusted to HK$6.69 per share effective on 25 November 2025 and further adjusted to HK$6.48 per share effective on 21 March 2026 following the payments of dividends and/or issuance of bonus shares. The Company has given notice to bondholders on 27 February 2026 to redeem the 2.8% Convertible Bonds on 18 April 2026 at their principal amount, together with accrued but unpaid interest. All the outstanding 2.8% Convertible Bonds were fully converted into shares of the Company by 10 March 2026.

During the current year, HK$850.0 million (2025: nil) in aggregate principal amount of 2.8% Convertible Bonds and HK$118.0 million (2025: HK$96.0 million) in aggregate principal amount of 4.0% Convertible Bonds were converted into ordinary shares of the Company.

As at 30 June 2026, the fair value of the bonds amounted to HK$7,308.3 million (2025: HK$9,250.4 million) which is based on the quoted market prices.

35 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

(e) The Group's insurance business received cash and bank balance from counterparties as collateral which are repayable on demand. Interest is calculated on Overnight Federal Funds Rate and payable to counterparties.

(f) Other than fixed rate bonds in note (d) above, the carrying amounts of the borrowings and other interest-bearing liabilities approximate their fair values.

(g) As at 30 June 2026, the Group's certain bank loans and fixed-rate bonds denominated in Renminbi of HK$5,222.5 million (2025: HK$6,028.5 million) was designated to hedge against the exposure to foreign exchange risk from translation of net investment in foreign operations denominated in Renminbi. The cumulative losses on net investment hedges in the exchange reserve amounted to HK$385.2 million (2025: HK$8.4 million).

(h) The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies (after taking into account cross currency swap contracts entered):

	2026	2025
	HK$'m	HK$'m
Hong Kong dollar	**17,399.2**	13,338.5
Renminbi	**14,983.5**	21,506.3
United States dollar	**32.5**	17.0
	32,415.2	34,861.8

36 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance as at 30 June 2026 represented HK$2,218.0 million exchangeable bonds issued by the Company in October 2025 at a price of 103.0% of the principal amount bearing a coupon rate of 0.75% per annum. These bonds are unsecured and have maturity of three years falling due October 2028. The bondholders have the rights to require the Company to redeem all or part of the bonds on 3 October 2027 at their principal amount, together with accrued but unpaid interest.

The bondholders also have the right, at any time on or after the issue date and up to the maturity date, to exchange the bonds into exchange property initially consisting of the Group's investment in the shares of Shoucheng at an initial exchange price of HK$2.6565 per share, which was then adjusted to include cash of HK$0.0969 per share, being the dividend paid by Shoucheng, subject to adjustments pursuant to the terms and conditions of the exchangeable bonds.

During the current year, no exchangeable bond was exchanged into shares of Shoucheng.

As at 30 June 2026, the aggregate fair value of the exchangeable bonds amounted to HK$2,183.5 million and a gain of HK$70.0 million (note 8) arising from the change in fair value during the current year is included in "other income and gains, net". The valuation techniques used in determining the fair value of the exchangeable bonds are described in note 4(i)(v).

37 TRADE AND OTHER PAYABLES

	Note	2026 HK$'m	2025 HK$'m
Trade payables	(a)	**985.8**	943.0
Other payables and accruals	(b)	**6,392.8**	7,356.2
Retention money payables		**2,026.1**	1,858.4
Securities trading settlement payables		**58.6**	2,215.2
Contract liabilities	26	**628.7**	280.0
Amount due to an associated company	(c)	**9.9**	12.9
Amount due to a joint venture	(c)	**264.6**	241.5
Amount due to non-controlling interests	(c)	**26.4**	–
		10,392.9	12,907.2
Expected to settle after 12 months		**3,748.2**	2,261.9
Expected to settle within 12 months		**6,644.7**	10,645.3
		10,392.9	12,907.2

(a) The ageing analysis of trade payables based on invoice date is as follows:

	2026 HK$'m	2025 HK$'m
Under 3 months	**945.2**	872.1
4 to 6 months	**3.0**	24.0
Over 6 months	**37.6**	46.9
	985.8	943.0

(b) The balance includes construction related accruals and provisions amounting to HK$4,163.2 million (2025: HK$5,093.7 million).

(c) The amounts payable are interest free, unsecured and have no fixed repayment terms except for an amount of HK$26.4 million (2025: nil) due to non-controlling interests which carries interest at 4.5% per annum.

(d) Included in the Group's trade and other payables are HK$482.1 million (2025: HK$2,622.6 million) denominated in United States dollar and HK$560.4 million (2025: HK$478.5 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.

38 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2026 HK$'m	2025 HK$'m
Within one year	**238.6**	242.6
In the second year	**172.7**	212.1
In the third to fifth year	**138.8**	261.8
After the fifth year	**–**	0.4
	550.1	716.9
Represented by		
Expected to settle after 12 months	**311.5**	474.3
Expected to settle within 12 months	**238.6**	242.6
	550.1	716.9

For FY2026, the total cash outflow for leases, which comprise payments for lease liabilities, short-term leases and variable leases, was HK$447.3 million (2025: HK$401.0 million).

39 COMMITMENTS

(a) The outstanding commitments for capital expenditure are as follows:

	Note	**2026 HK$'m**	2025 HK$'m
Contracted but not provided for			
Property, plant and equipment		**154.9**	206.7
Intangible assets		**5.3**	14.5
Capital and loan contributions to/acquisition of associated companies and joint ventures	(i), (ii)	**1,108.1**	2,447.2
Acquisition of subsidiaries		**255.4**	–
Investment funds, financial and other investments		**122.9**	338.1
		1,646.6	3,006.5

(i) The Group has been committed to providing sufficient funds in the form of capital and loan contributions to certain associated companies and joint ventures to finance relevant projects. The Group estimates that the share of projected funds requirements of these projects would be HK$1,108.1 million (2025: HK$1,419.3 million) which represents the attributable portion of the capital and loan contributions committed to be made to the associated companies and joint ventures.

(ii) The balance as at 30 June 2025 included the Group's commitment for the acquisition of in aggregate 43.93% effective interest in uSMART, at an aggregate consideration of US$131.8 million (equivalent to HK$1,027.9 million). The completion of 13.05% effective interest in uSMART for an aggregate consideration of US$39.2 million (equivalent to HK$305.4 million) took place on 7 November 2025 and since then uSMART was accounted for as an associated company of the Group. As at 31 December 2025, since the conditions precedents to remaining transactions had not been satisfied or waived and no agreement was entered into to extend the long stop date, the sale and purchase agreements have lapsed and ceased to have further effect.

(b) As at 30 June 2026, the Group's insurance business had HK$6,072.7 million (2025: HK$2,905.5 million) commitments for investment funds.

(c) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

	2026 HK$'m	2025 HK$'m
Contracted but not provided for		
Property, plant and equipment	**119.2**	203.9

As at 30 June 2026, the Group shared the joint venture's commitment for the development of intangible concession right of HK$1,070.7 million (2025: HK$1,273.7 million) and such commitment would be financed by the loan arrangement entered by the joint venture.

39 COMMITMENTS (CONTINUED)

(d) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	2026 HK$'m	2025 HK$'m
In the first year	**155.5**	121.6
In the second year	**96.1**	71.4
In the third year	**49.8**	51.4
In the fourth year	**29.2**	27.7
In the fifth year	**16.3**	12.9
After the fifth year	**14.3**	8.3
	361.2	293.3

The Group's operating leases terms range from 1 month to 20 years (2025: 5 months to 15 years).

40 FINANCIAL GUARANTEES

The Group's financial guarantees are as follows:

	2026 HK$'m	2025 HK$'m
Guarantees for credit facilities granted to		
Associated companies	**1,680.0**	2,272.5
Joint ventures	**2,859.7**	2,860.8
	4,539.7	5,133.3

Under the main transaction agreement and the related transaction documents in relation to the disposal of aircraft leasing business by Goshawk to SMBC, the Group provides a financial guarantee to support the performance of Goshawk of its payment obligation to satisfy claims that may be brought by SMBC against Goshawk. The Group's potential liability under the financial guarantee is limited to a total amount of US$197.1 million (equivalent to approximately HK$1,537.4 million) as at 30 June 2026 and 30 June 2025.

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations:

	2026 HK$'m	2025 HK$'m
Operating profit	**3,731.5**	3,232.6
Depreciation and amortization	**1,919.8**	1,813.7
Insurance finance expenses	**6,553.3**	5,223.4
Net gain on fair value of financial assets at FVPL	**(2,579.3)**	(2,674.1)
Net gain associated with investments related to unit-linked contracts	**(1,896.7)**	(1,002.6)
Profit on disposal of assets held-for-sale	**–**	(42.7)
Remeasurement loss on assets classified as held-for-sale	**73.7**	–
Loss on partial disposal of interest in an associated company	**116.3**	–
Fair value change of financial liabilities at FVPL	**(70.0)**	–
Interest income	**(3,653.0)**	(3,551.7)
Dividend income	**(739.1)**	(405.5)
Loss on fair value of investment properties	**115.5**	582.7
Net loss on fair value of derivative financial instruments	**122.1**	541.0
Net loss on disposal of debt instruments as financial assets at FVOCI	**361.9**	459.9
Impairment loss on intangible concession rights	**105.0**	311.9
Impairment loss related to an associated company	**37.2**	–
Expected credit loss provision, net of reversal	**4.5**	1.0
Share-based payment	**77.0**	24.3
Net exchange loss/(gain)	**33.0**	(79.1)
Other non-cash items	**(10.6)**	11.9
Operating profit before working capital changes	**4,302.1**	4,446.7
Increase in inventories	**(7.2)**	(2.4)
Decrease/(increase) in trade and other receivables	**2,954.9**	(3,193.6)
(Decrease)/increase in trade and other payables	**(2,647.4)**	2,366.2
Changes in insurance contracts	**9,651.2**	6,964.1
Changes in reinsurance contracts held	**(20.1)**	33.1
Increase/(decrease) in financial liabilities related to unit-linked contracts	**180.9**	(5.2)
Purchases of financial assets at FVPL associated with investments related to unit-linked contracts	**(9,395.7)**	(8,872.8)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	**9,710.3**	9,128.6
Changes in balances with associated companies, joint ventures and related companies	**(18.7)**	(17.8)
Others	**0.8**	(3.2)
Net cash generated from operations	**14,711.1**	10,843.7

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

HK$'m	Note	Bank loans and other interest-bearing liabilities	Fixed rate bonds	Financial liabilities at FVPL	Lease liabilities	Total
As at 1 July 2025		**25,280.6**	**9,581.2**	**–**	**716.9**	**35,578.7**
Cash flows from financing activities						
Drawdown/issuance		**6,687.4**	**277.7**	**2,253.5**	**–**	**9,218.6**
Repayment/redemption		**(4,862.5)**	**(1,734.3)**	**–**	**–**	**(6,596.8)**
Increase in cash collateral received from counterparties		**12.8**	**–**	**–**	**–**	**12.8**
Capital element of lease liabilities payments		**–**	**–**	**–**	**(255.5)**	**(255.5)**
New leases entered/leases modified		**–**	**–**	**–**	**88.3**	**88.3**
Interest on lease liabilities	11	**–**	**–**	**–**	**24.3**	**24.3**
Interest element of lease liabilities payments		**–**	**–**	**–**	**(24.3)**	**(24.3)**
Conversion into shares of the Company		**–**	**(968.0)**	**–**	**–**	**(968.0)**
Classified as liabilities directly associated with assets held-for-sale	29	**(2,438.9)**	**–**	**–**	**–**	**(2,438.9)**
Translation differences		**262.1**	**227.4**	**–**	**0.4**	**489.9**
Other non-cash movements		**61.7**	**28.0**	**(70.0)**	**–**	**19.7**
As at 30 June 2026		**25,003.2**	**7,412.0**	**2,183.5**	**550.1**	**35,148.8**

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (continued)

HK$'m	Note	Bank loans and other interest-bearing liabilities	Fixed rate bonds	Lease liabilities	Total
As at 1 July 2024		24,152.8	5,742.6	738.9	30,634.3
Cash flows from financing activities					
Drawdown/issuance		7,324.4	3,843.9	–	11,168.3
Repayment		(6,472.8)	–	–	(6,472.8)
Decrease in cash collateral received from counterparties		(15.2)	–	–	(15.2)
Capital element of lease liabilities payments		–	–	(242.5)	(242.5)
Acquisition of subsidiaries		58.8	–	1.6	60.4
New leases entered/leases modified		–	–	218.4	218.4
Interest on lease liabilities	11	–	–	27.5	27.5
Interest element of lease liabilities payments		–	–	(27.2)	(27.2)
Conversion to shares of the Company		–	(96.0)	–	(96.0)
Translation differences		169.7	63.3	0.2	233.2
Other non-cash movements		62.9	27.4	–	90.3
As at 30 June 2025		25,280.6	9,581.2	716.9	35,578.7

42 RELATED PARTY TRANSACTIONS

(a) The following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	Note	**2026** **HK$'m**	2025 HK$'m
Transactions with affiliated companies	(i)		
Provision of other services	(iii)	**0.6**	0.6
Interest income	(iv)	**105.4**	117.1
Management fee income	(v)	**–**	13.1
Rental and other related expenses	(vi)	**–**	(0.7)
Other expenses	(viii)	**(560.7)**	(278.9)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	**1,814.7**	722.6
Provision of other services	(iii)	**91.5**	82.4
Interest income	(iv)	**124.2**	121.3
Rental and other related expenses	(vi)	**(4.7)**	(29.1)
Mechanical and electrical engineering services	(vii)	**(740.7)**	(618.1)
Other expenses	(viii)	**(232.9)**	(217.3)

(i) Transactions with affiliated companies include those with associated companies and joint ventures of the Group, except for those with KTSPL which are presented under "Transactions with other related parties". These transactions do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Transactions with other related parties include those with group of companies of CTF Enterprises and NWD as well as Mr Doo and his associates which are not companies within the Group, which constitute exempt or non-exempt connected transactions of the Company and the Company has complied with the requirements under Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules on the connected transactions conducted in that financial year are provided in the section headed "CONNECTED TRANSACTIONS" from pages 153 to 160 of this report.

CTFC is the ultimate holding company of the Company and CTF Enterprises is an intermediate holding company of the Company.

CTF Enterprises is a substantial shareholder of NWD under the Listing Rules.

Mr Doo is the non-executive vice-chairman and a non-executive director of NWD and is the father of Mr William Junior Guilherme Doo, a non-executive director of the Company.

42 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

(ii) Revenue from the provision of construction work services was charged in accordance with the relevant contracts.

(iii) The Group provided various kinds of services including facilities management, property management and other services to certain affiliated companies and related parties. The services were provided and charged in accordance with the relevant contracts.

(iv) Interest income was charged at relevant interest rates as specified in notes 21, 22 and 25 on the outstanding balances due from the affiliated companies or relevant yield on investments in debt instruments.

(v) Management fee was charged at rates in accordance with the relevant contracts.

(vi) Rental and other related expenses were charged in accordance with the respective tenancy agreements.

(vii) Mechanical and electrical engineering services were charged in accordance with the relevant contracts.

(viii) Other expenses include purchase of construction materials, laundry, security and guarding, landscaping, cleaning, property management and other services. The services were charged in accordance with the relevant contracts.

(b) Key management compensation

Key management compensation constitutes exempt connected transactions of the Company under Chapter 14A of the Listing Rules. No significant compensation arrangement has been entered into with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 15.

(c) As at 30 June 2026, the Group held certain senior unsubordinated and unsecured notes issued by NWD (MTN) Limited, a wholly-owned subsidiary of NWD. As at 30 June 2026, the fair value of these notes included as financial assets at FVPL is HK$1,333.9 million (2025: HK$1,049.6 million).

(d) The amounts of outstanding balances with associated companies, joint ventures and non-controlling interests are disclosed in notes 21, 22, 25 and 37. The pledge of a proportion of the Group's equity interest in a joint venture as security for a bank loan of that joint venture as at 30 June 2026 is disclosed in note 22(c).

43 COMPARATIVE FIGURES

Certain comparative figures have been reclassified or extended to conform with the presentation for the current year.

44 ULTIMATE HOLDING COMPANY

CTFC, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

45 COMPANY STATEMENT OF FINANCIAL POSITION

	2026 HK$'m	2025 HK$'m
ASSETS		
Non-current assets		
Property, plant and equipment	**18.3**	22.0
Subsidiaries	**16,204.6**	15,830.2
Other non-current assets	**7.6**	3.3
	16,230.5	15,855.5
Current assets		
Trade and other receivables	**34,900.0**	35,845.9
Cash and bank balances	**7,328.6**	6,836.0
	42,228.6	42,681.9
Total assets	**58,459.1**	58,537.4
EQUITY		
Share capital	**4,566.3**	4,009.8
Reserves	**30,908.5**	32,170.5
Total equity	**35,474.8**	36,180.3
LIABILITIES		
Non-current liabilities		
Borrowings and other interest-bearing liabilities	**2,560.1**	3,677.8
	2,560.1	3,677.8
Current liabilities		
Borrowings and other interest-bearing liabilities	**2,552.6**	2,350.7
Financial liabilities at FVPL	**2,183.5**	–
Trade and other payables	**15,688.1**	16,328.6
	20,424.2	18,679.3
Total liabilities	**22,984.3**	22,357.1
Total equity and liabilities	**58,459.1**	58,537.4

Dr Cheng Kar Shun, Henry
Director

Mr Ho Gilbert Chi Hang
Director

45 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Reserves

HK$'m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
As at 1 July 2025	**18,387.3**	**237.3**	**25.4**	**13,520.5**	**32,170.5**
Profit for the year	**–**	**–**	**–**	**861.8**	**861.8**
Issue of new shares as scrip dividends	**43.9**	**–**	**–**	**–**	**43.9**
Issue of bonus shares	**(406.4)**	**–**	**–**	**–**	**(406.4)**
Share options					
Value of services provided					
Company and subsidiaries	**–**	**–**	**77.0**	**–**	**77.0**
New shares issued	**37.6**	**–**	**(5.5)**	**–**	**32.1**
Convertible bonds					
Share premium on issue of new shares	**830.6**	**–**	**–**	**–**	**830.6**
Dividends	**–**	**–**	**–**	**(2,701.0)**	**(2,701.0)**
As at 30 June 2026	**18,893.0**	**237.3**	**96.9**	**11,681.3**	**30,908.5**

HK$'m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
As at 1 July 2024	18,303.6	237.3	1.1	16,468.3	35,010.3
Profit for the year	–	–	–	854.5	854.5
Share options					
Value of services provided					
Company and subsidiaries	–	–	24.3	–	24.3
Convertible bonds					
Share premium on issue of new shares	83.7	–	–	–	83.7
Dividends	–	–	–	(3,802.3)	(3,802.3)
As at 30 June 2025	18,387.3	237.3	25.4	13,520.5	32,170.5

The contributed surplus of the Company represents the difference between the nominal value of the ordinary share capital issued by the Company and the consolidated net asset value of the subsidiaries acquired at the date of acquisition pursuant to the group reorganization implemented in 1997. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of contributed surplus in certain circumstances.

46 PRINCIPAL SUBSIDIARIES

The directors of the Company were of the view that as at 30 June 2026, there was no individual subsidiary that had non-controlling interests that were material to the Group.

As at 30 June 2026

	Issued and fully paid up share capital[#]		Approximate percentage of shares held	
	Number	Amount HK$	by the Group	Principal activities
Incorporated and operate in Hong Kong				
AG Industrial A (HK) Limited	10	10	100.0	Investment holding
AG Logistics B (HK) Limited	10	10	100.0	Investment holding
AG Pacific E (HK) Limited	10	10	100.0	Investment holding
Antinal Power Limited	125	125	–	Investment holding
	875****	875	100.0	
Billionoble Investment Limited	4,998	4,998	100.0	Investment holding
	2*	2	100.0	
Chinese Future Limited	1,300,000,000	1,300,000,000	100.0	Investment holding
CTF Logistics (Chengdu Airport) Limited	100	100	100.0	Investment holding
CTF Logistics (Hannan) Limited	99[i]	99	100.0	Investment holding
	1[ii]	1		
CTF Logistics (Humen) Limited	2	67,052,024	100.0	Investment holding
CTF Logistics (Longquan) Limited	100	100	100.0	Investment holding
CTF Logistics (Xindu) Limited	99[i]	99	100.0	Investment holding
	1[ii]	1		
CTF Logistics (Xindu North) Limited	99[i]	99	100.0	Investment holding
	1[ii]	1		
CTF Logistics (Xinjin) Limited	99[i]	99	100.0	Investment holding
	1[ii]	1		
CTF Logistics China (Eastern) Limited	1	1	100.0	Investment holding
CTF Logistics China (Western) Limited	100	100	100.0	Investment holding
Earning Star Limited	1	1	100.0	Investment holding
Ever Honour (Hong Kong) Limited	1	1	100.0	Property investment
Fong Wing Shing Construction Company Limited	1,330,000	133,000,000	100.0	Construction
Grace Crystal Limited	1	1	100.0	Investment holding
Grand Express International Limited	1	1	100.0	Investment holding
Hip Hing Builders Company Limited	40,000	40,000,000	100.0	Construction
	10,000*	10,000,000	100.0	
Hip Hing Construction Company Limited	400,000	40,000,000	100.0	Construction and civil engineering
	600,000*	60,000,000	100.0	
Hip Hing Engineering Company Limited	2,000,000	200,000,000	100.0	Building construction
Hong Kong Convention and Exhibition Centre (Management) Limited	3	3	100.0	Management of HKCEC
	1*	1	100.0	

46 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Issued and fully paid up share capital#		Approximate percentage of shares held	
	Number	Amount HK$	by the Group	Principal activities
Incorporated and operate in Hong Kong (continued)				
Hong Kong Exhibition and Convention Venue Management China Limited	1	1	100.0	Investment holding
Hsin Chong Aster Building Services Limited	10,000	76,000,001	100.0	Electrical and mechanical engineering
i-Residence Management Limited	1	1	100.0	Property management and consultancy
Kiu Lok Property Services (China) Limited	2	2	100.0	Property agency, management and consultancy
	2*	2	100.0	
Modern Elite (Hong Kong) Limited	1	1	100.0	Property investment
New Advent Limited	1	1	100.0	Property investment
New World — Guangdong Highway Investments Co. Limited	999,900	99,990,000	100.0	Investment holding
	100*	10,000	50.0	
New World Port Investments Limited	2	2	100.0	Investment holding
NWS (Finance) Limited	2	2	100.0	Financial services
NWS Environment (Hong Kong) Limited	1	1	100.0	Investment holding
NWS Holdings (Finance) Limited	1	1	100.0	Financing
NWS Infrastructure Renewables (Italy) Limited	1	1	100.0	Investment holding
NWS Modern Logistics (Hong Kong) Limited	1	1	100.0	Investment holding, operating modern logistics business
Polytown Company Limited	2	20	100.0	Property investment, operation, marketing, promotion and management of HKCEC
	100,000*	1,000,000	100.0	
Profit Now Limited	1	1	100.0	Investment holding
Sentinel Power Limited	25,000	9,744,486	–	Investment holding
	75,000****	39,686,130	100.0	
True Hope Investment Limited	299,999,998	299,999,998	100.0	Investment holding
	2*	2	100.0	
Tycoon Estate Investments (HK) Limited	1	1	100.0	Property investment
Urban Parking Limited	15,000,000	15,000,000	100.0	Carpark management
Vibro Construction Company Limited	1,630,000	163,000,000	100.0	Civil engineering
	20,000*	2,000,000	100.0	
Vibro (H.K.) Limited	20,000,004	60,328,449	99.8 (a)	Piling, ground investigation and civil engineering
Wisemec Enterprises Limited	2	2	100.0	Investment holding

46 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Issued and fully paid up share capital[#]		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in Bermuda and operates in Hong Kong				
Chow Tai Fook Life Insurance Company Limited	506,100,141	US$1	100.0	Life insurance
	9,000,000[§]	US$1	100.0	
	10,000,000[§§]	US$1	100.0	
Incorporated in the Cayman Islands and operates in Hong Kong				
CTFS Management Limited	1,323,943,165	HK$0.10	100.0	Investment holding
Incorporated in the British Virgin Islands and operate in Hong Kong				
Busy Bee Global Limited	1	US$1	100.0	Investment holding
Celestial Dynasty Limited	1	US$1	100.0	Bond issuer
Celestial Miles Limited	1	US$1	100.0	Bond issuer
Century Charm Global Limited	1	US$1	100.0	Investment holding
Creo Capital Limited	1	US$1	100.0	Investment holding
CTF Digital Asset Holdings Limited	1	US$1	100.0	Investment holding
CTF Energy Limited	1	US$1	100.0	Investment holding
CTF Logistics Holdings Limited	1	US$1	100.0	Investment holding
CTF Wealth Management Limited	1	US$1	100.0	Investment holding
Eminent Circle Ventures Limited	1	US$1	100.0	Investment holding
Glorious Hope Limited	5	US$1	100.0	Investment holding
Hetro Limited	101	US$1	100.0	Investment holding
NWS Financial Management Services Limited	1	US$1	100.0	Investment holding
NWS Infrastructure Management Limited	2	US$1	100.0	Investment holding
NWS Infrastructure Roads Limited	1	US$1	100.0	Investment holding
NWS Ports Management Limited	2	US$1	100.0	Investment holding
Quality Vibe Limited	1	US$1	100.0	Investment holding
Valiant Voice Limited	1	US$1	100.0	Investment holding

46 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Issued and fully paid up share capital#		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in the British Virgin Islands				
Gravy Train Investments Limited	1	US$1	100.0	Investment holding
Ideal Global International Limited	1	US$1	100.0	Investment holding
Moscan Developments Limited	1	US$1	100.0	Investment holding
Natal Global Limited	1	US$1	100.0	Investment holding
NWS CON Limited	1	HK$1	100.0	Investment holding
NWS Construction Limited	190,000	US$0.1	100.0	Investment holding
	5,450**	US$0.1	–	
	3,820***	US$0.1	–	
NWS Infrastructure Power Limited	1	US$1	100.0	Investment holding
Righteous Corporation	1	US$1	100.0	Investment holding

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the Chinese Mainland			
^Changzhou Hilltop Supply Chain Management Co., Ltd.	US$12,300,151	100.0	Operation of logistics property
^Chengdu Dasheng Logistics Co. Ltd.	RMB82,000,000	100.0	Operation of logistics property
^Chengdu Jiachao Warehouse Co. Ltd.	RMB96,000,000	100.0	Operation of logistics property
^Dongguan Humen Port Plastic Trading Co., Ltd.	RMB66,000,000	100.0	Operation of logistics property
^Hangzhou CTFS Commercial Management Limited	RMB8,100,000	100.0	Provision of commercial complex, catering, hotel and property management
^Hunan CTFS Expressway Co., Ltd.	RMB1,600,000,000	100.0 (b)	Operation of toll road
^Jialong (Chengdu) Warehouse Co. Ltd.	US$18,500,000	100.0	Operation of logistics property
^Jiayao (Chengdu) Warehouse Co., Ltd.	US$24,200,000	100.0	Operation of logistics property
^Jiaxin (Chengdu) Warehouse Co. Ltd.	US$16,000,000	100.0	Operation of logistics property
^NWS Modern Logistics (Shenzhen) Limited	RMB749,144,444	100.0	Investment holding
^NWS Modern Logistics (Suzhou) Limited	RMB287,001,369	100.0	Investment holding
^CTFS Investment Company Limited (Formerly known as "NWS (Guangdong) Investment Company Limited")	RMB5,319,853,600	100.0	Investment holding
^Shanghai Gushui Smart Logistics Warehousing Co., Ltd.	RMB400,000,000	100.0	Operation of logistics property
^Suzhou Greenland Platinum E-commerce Co. Ltd.	RMB260,000,000	90.0	Operation of logistics property
^Wuhan Jiamai Warehouse Co. Ltd.	US$30,000,000	100.0	Operation of logistics property

46 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the Chinese Mainland (continued)			
^Xiamen Creo Investment Company Limited (Formerly known as "Xiamen Creo Capital Investment Company Limited")	RMB280,000,000	100.0	Investment holding
^Yueyang CTFS Expressway Management Co., Ltd. (Formerly known as "Hunan NWS Sui-Yue Expressway Co., Ltd.")	RMB600,950,000	100.0	Operation of toll road
^Yuyao Hilltop Intelligent Supply Chain Technology Co., Ltd.	US$13,315,680	100.0	Operation of logistics property
^Zhejiang CTFS Expressway Co., Ltd. (Formerly known as "Zhejiang NWS Expressway Co., Ltd.")	US$320,590,000	100.0	Operation of toll road
Incorporated and operate in Macau			
Hip Hing Engineering (Macau) Company Limited	MOP100,000	100.0	Construction
Vibro (Macau) Limited	MOP1,000,000	99.8 (a)	Foundation works
Incorporated and operates in Italy			
NWS Infrastructure Renewables (Italy) S.r.l.	EUR2,958,700	100.0	Investment holding

	Issued share capital#		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated and operates in Luxembourg				
Unisun Energy Investments S.A.	2[iii]	EUR1	75.0	Investment holding
	749,998[iv]	EUR1	75.0	

46 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2026

	Issued and fully paid up share capital[#]		Approximate percentage of shares held	
	Number	Amount	by the Group	Principal activities
Incorporated and operates in Finland				
Kandalos Project 6 Oy	10,000	–	75.0	Battery energy storage system

[#] Ordinary shares, unless otherwise stated
[*] Non-voting deferred shares
[**] Redeemable, non-convertible and non-voting A preference shares
[***] Redeemable, non-convertible and non-voting B preference shares
[****] Preferred shares with voting rights
[^] Registered as limited liability company under PRC law
[§] Class A redeemable preference shares (non-convertible)
[§§] Class C redeemable preference shares (convertible)
[i] Class B ordinary shares
[ii] Class A special voting share
[iii] Voting Class A shares
[iv] Non-voting Class B shares

(a) The approximate percentage of shares held by non-controlling interests is 0.2%.

(b) Being classified as assets held-for-sale/liabilities associated with assets held-for-sale.

47 PRINCIPAL ASSOCIATED COMPANIES

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2026 is as follows:

	Issued and fully paid up share capital[#]		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount HK$		
Incorporated and operate in Hong Kong				
GHK Hospital Limited	10	10	40.0	Private hospital ownership, development and management
Joy Fortune Investments Limited	10,000	10,000	50.0	Investment holding
Kai Tak Sports Park Limited	300	906,666,900	25.0	Development and operation of Kai Tak Sports Park
Parkway Medical Services (Hong Kong) Limited	108,500,010	108,500,010	40.0	Provision of medical and healthcare outpatient services
Quon Hing Concrete Company Limited	200,000	20,000,000	50.0	Production and sales of ready-mixed concrete
Yargoon Company Limited	150,000	15,000,000	42.0	Operating a quarry mill and trading in aggregates and stonefines
Shoucheng Holdings Limited	8,026,221,161	14,985,191,000	10.4 (a)	Investment holding

	Issued and fully paid up share capital[#]		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount		
Incorporated and operates in Singapore				
PBA International Pte. Ltd.	10,932	Singapore dollar 24,242,000	20.0	Development and manufacturing of advanced robotics

47 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2026 is as follows: (continued)

	Issued share capital#		Approximate percentage of shares held by the Group	Principal activities
	Number	Amount		
Incorporated and operates in the Cayman Islands				
uSmart Inlet Group Ltd	5,470,085,469	US$0.00001	13.0 (a)	Investment holding
Incorporated and operates in the British Virgin Islands				
NW Live Company Limited	100	US$1	25.0	Investment holding

	Issued and fully paid up share capital#		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in Cyprus and operates in South Africa				
Tharisa plc	296,290,377	US$0.001	9.3 (a)	Chrome and platinum group metals mining, processing and trading

47 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2026 is as follows: (continued)

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the Chinese Mainland			
Hangzhou Ring Road Expressway Petroleum Development Co., Ltd.	RMB10,000,000	39.0	Operation of gasoline station
Hubei Laogu Expressway Development Co., Ltd.	RMB616,161,616	1.0 (b), (c)	Operation of toll road
Hubei Suiyuenan Expressway Co., Ltd.	RMB1,770,000,000	30.0	Operation of toll road
WorldEx Supply Chain Technology (Shanghai) Co., Limited	RMB81,452,529	11.8 (a)	Operation of comprehensive logistics business
Zhaoqing Yuezhao Expressway Co., Ltd.	RMB2,621,500,000	25.0	Operation of toll road

Ordinary shares, unless otherwise stated

(a) The directors of the Company considered the Group has significant influence over these companies through its representative on the board of directors of these companies.

(b) The directors of the Company considered the Group has significant influence over the company through its representative on the board of directors and the potential voting right of the company.

(c) The Group also held an interest-bearing convertible shareholder's loan which enables the Group to increase its equity interest in this company at least by 24%.

48 PRINCIPAL JOINT VENTURES

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2026 is as follows:

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the Chinese Mainland			
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	RMB2,872,500,000	25.0	Operation of toll road
China United International Rail Containers Co., Limited	RMB4,200,000,000	30.0	Operation of rail container terminals and related business
Guangxi Logan Guiwu Expressway Co., Ltd	RMB200,000,000	40.0	Operation of toll road
Guangzhou Northring Intelligent Transportation Technology Company Limited	US$19,255,000	65.3 (b)	Operation of toll road (c)
Jiangsu JD-Link International Logistics Co., Ltd.	RMB83,734,464	8.3 (b)	Operation of comprehensive logistics business
Huizhou City Huixin Expressway Company Limited	RMB100,000,000	49.0	Investment holding
NWS Asset Management (Hainan) Company Limited	RMB1,000,000,000	80.0 (b)	Distressed asset management
Tianjin Xinzhan Expressway Company Limited	RMB2,539,100,000	60.0 (a), (b)	Operation of toll road
Zhejiang Tangshi Supply Chain Management Co., Ltd.	RMB69,444,444	10.0 (b)	Operation of comprehensive logistics business
Incorporated and operate in Macau			
Hip Hing & Kin Pang Event Centre Engineering Limited	MOP30,000	60.0 (b)	Building construction
Hip Hing & Kin Pang Theatre Engineering Limited	MOP30,000	60.0 (b)	Building construction

48 PRINCIPAL JOINT VENTURES (CONTINUED)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2026 is as follows: (continued)

	Issued and fully paid up share capital[#]		Approximate percentage of share held by the Group	Principal activities
	Number	Amount HK$		
Incorporated and operate in Hong Kong				
ATL Logistics Centre Hong Kong Limited	100,000'A'	100,000	56.0 (b)	Operation of cargo
	20,000'B'**	20,000	79.6	handling and
	54,918*	54,918	–	storage facilities
Wincon International Limited	300,000,000	300,000,000	50.0	Investment holding

	Issued share capital[#]		Approximate percentage of shares held by the Group	Principal activities
	Number	Par value per share		
Incorporated in the British Virgin Islands				
Success Concept Investments Limited	1,000	US$1	90.0 (b)	Investment holding
Incorporated in the Cayman Islands				
Goshawk Aviation Limited	362,026,264 preference shares	US$0.001	50.0	Commercial aircraft leasing and management

[#] Ordinary shares, unless otherwise stated
* Non-voting deferred shares
** Non-voting preference shares

(a) Cash sharing ratio is 90% for the first 15 years from the operation date and thereafter 60%.

(b) The directors of the Company considered the Group have joint control governing the financial and operating activities over these joint ventures.

(c) The concession period of toll road operated under this joint venture has been expired on 22 March 2025.

Five-Year Financial Summary

	2026	2025	2024	2023 (restated)*	2022
Earnings per share — Basic (HK$)**	**0.53**	0.49	0.51	0.37	0.37
Earnings per share — Diluted (HK$)**	**0.52**	0.49	0.51	0.37	N/A
Key ratios					
Net Gearing Ratio	**28%*** **	37%	35%	8%	19%
Underlying Return on Equity	**8%**	8%	7%	5%	7%
Consolidated income statement data (HK$'m)					
Revenue	**27,099.7**	24,285.3	26,421.6	27,121.4	31,138.6
Revenue by segments					
Financial Services	**4,752.4**	4,080.6	3,453.1	2,895.8	12,373.6
Roads	**2,777.8**	2,778.7	2,807.0	2,731.8	2,717.5
Logistics	**144.2**	142.1	160.9	139.5	11.8
Construction	**17,915.8**	15,359.0	17,265.2	19,638.5	15,240.9
Facilities Management	**1,509.5**	1,924.9	2,735.4	1,715.0	794.8
Strategic Investments	**–**	–	–	0.8	–
Revenue by region					
Hong Kong	**24,160.8**	21,345.1	23,436.4	24,219.4	28,360.1
The Chinese Mainland	**2,938.9**	2,940.2	2,985.2	2,902.0	2,778.5
Profit attributable to shareholders of the Company	**2,392.6**	2,162.0	2,084.2	1,446.9	1,586.8
Attributable Operating Profit	**4,590.6**	4,466.2	4,167.4	3,443.9	4,370.9
Attributable Operating Profit/(Loss) by segments					
Financial Services	**1,474.7**	1,242.1	964.9	624.7	1,074.9
Roads	**1,442.8**	1,439.4	1,571.4	1,532.8	1,709.9
Logistics	**645.0**	740.4	722.3	678.5	592.6
Construction	**688.9**	719.3	705.0	745.5	912.2
Facilities Management	**87.8**	88.5	228.3	(61.9)	(409.5)
Strategic Investments	**251.4**	236.5	(24.5)	(75.7)	(141.7)
Aviation#	**–**	–	–	–	511.5
Environment#	**–**	–	–	–	121.0

* From 1 July 2023, the Group adopted HKFRS 17 "Insurance Contracts", which replaced HKFRS 4 "Insurance Contracts". Comparative data for the financial year ended 30 June 2023 have been restated accordingly. Comparative data for the financial year ended 30 June 2022 were prepared on an HKFRS 4 "Insurance Contracts" basis.

** Adjusted for the bonus shares allotted and issued in December 2025.

*** HK$2,218 million 0.75% exchangeable bonds due 2028 are being accounted for as financial liabilities at FVPL and are excluded from both the net debt and net gearing ratio calculations. If the 0.75% Exchangeable Bonds were included as debt, the net gearing ratio would be 33% as at 30 June 2026.

Being disposed/discontinued operations.

	2026	2025	2024	2023 (restated)*	2022
Consolidated income statement data (continued) (HK$'m)					
Attributable Operating Profit by region					
Hong Kong	**2,885.7**	2,585.7	2,450.8	1,782.1	1,825.0
The Chinese Mainland	**1,536.2**	1,794.4	1,627.9	1,660.1	1,778.2
Others	**168.7**	86.1	88.7	1.7	767.7
Non-operating items					
Net (loss)/gain on fair value of investment properties, net of tax	**(268.6)**	(447.9)	(342.6)	78.7	–
Remeasurement, impairments and provisions, net	**(235.8)**	(645.5)	(51.5)	(490.8)	(1,816.9)
Net (loss)/gain on disposal of projects, net of tax	**(116.3)**	(152.8)	12.3	(64.6)	243.9
Share of non-operating income/(expenses) of an associated company and joint ventures, net	**25.4**	575.7	(52.8)	–	–
Gain on fair value of exchangeable bonds	**70.0**	–	–	–	–
Net gain on redemption of senior notes	**–**	–	–	88.6	97.5
Share-based payment	**(77.0)**	(24.3)	(44.4)	(51.8)	–
Unallocated corporate office items					
Net finance costs	**(1,048.8)**	(1,010.1)	(744.1)	(538.7)	(375.0)
Expenses and others	**(367.7)**	(397.0)	(402.2)	(406.4)	(350.5)
Consolidated statement of financial position data (HK$'m)					
Total assets	**191,157.6**	172,895.6	155,083.7	154,505.1	148,770.8
Total liabilities, perpetual capital securities and non-controlling interests	**151,439.8**	135,378.8	116,187.5	109,167.0	105,462.3
Borrowings and other interest-bearing liabilities	**32,415.2**	34,861.8	29,895.4	23,796.9	23,590.9
Shareholders' funds	**39,717.8**	37,516.8	38,896.2	45,338.1	43,308.5

FINANCIAL SERVICES

Chow Tai Fook Life Insurance Company Limited	
Attributable Interest	100%
Services Offered	Provision of diversified insurance and financial planning products and services to individuals and institutions, along with comprehensive corporate and employee benefits solutions.
Product Category	Life Insurance, Medical Insurance (including VHIS), Critical Illness Insurance, Personal Accident Insurance, Savings Insurance Plan, Investment-linked Assurance Scheme, Annuity (including QDAP), Group Medical Insurance, Group Life Insurance, MPF and General Insurance.
uSmart Inlet Group Ltd	
Attributable Interest	13.05%
Services Offered	Provision of professional one-stop financial and wealth management services and solutions. Offers a comprehensive range of services, including online securities brokerage, fintech solutions in securities trading and wealth management.
Blackhorn Group Limited*	
Attributable Interest	65%
Services Offered	A professional private wealth management group, offering a holistic approach to comprehensive wealth management, wealth structuring and legacy planning services.

* Completed acquisition in July 2026

ROADS

		Attributable Interest	Length	Lanes	Expiry Date
Guangdong Province					
1	**Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)**	25%	Section 1: 8.6 km Section 2: 49.59 km	Section 1: Dual 3-Lane Section 2: Dual 3 to 4-Lane	2030
2	**Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)**	15%	27 km	Dual 3-Lane	2032
3	**Guangzhou-Zhaoqing Expressway**	25%	Phase 1: 48 km Phase 2: 5.39 km	Phase 1: Dual 2-Lane Phase 2: Dual 3-Lane	2031
4	**Shenzhen-Huizhou Expressway (Huizhou Section)**	38.5%	34.7 km	Dual 3 to 4-Lane	2036
5	**Guangzhou Dongxin Expressway**	45.9%	46.22 km	Dual 3 to 4-Lane	2035
6	**Guangzhou City Nansha Port Expressway**	22.5%	72.4 km	Dual 3 to 4-Lane	2030
7	**Guangdong E-serve United Co., Ltd.**	1.02%	N/A	N/A	N/A
Guangxi Zhuang Autonomous Region					
8	**Guangxi Guiwu Expressway**	40%	198 km	Dual 2-Lane	2045
Zhejiang Province					
9	**Hangzhou Ring Road**	100%	103.4 km	Dual 2 to 3-Lane	2029
Tianjin Municipality					
10	**Tangjin Expressway (Tianjin North Section)**	60%+	Section 1: 43.45 km Section 2: 17.22 km	Dual 3-Lane	2040
Hubei Province					
11	**Hubei Suiyuenan Expressway**	30%	98.06 km	Dual 2-Lane	2040
12	**Hubei Laogu Expressway**	1%#	39.31 km	Dual 2-Lane	2050
Hunan Province					
13	**Hunan Sui-Yue Expressway**	100%	24.08 km	Dual 3-Lane	2039
14	**Hunan Changliu Expressway**	100%*	65 km	Dual 2-Lane	2044

Remarks:
+ Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%
In addition, the Group holds convertible shareholder loan equivalent to 24% interest
* Classified as assets held-for-sale/liabilities associated with assets held-for-sale as at 30 June 2026. Completed the disposal in July 2026.

LOGISTICS

	Attributable Interest	Gross Leasable Area (sq m)	Location	Operation Date	Expiry Date
ATL Logistics Centre Hong Kong Limited	56%	551,846	Hong Kong	Phase 1: February 1987 Phase 2: March 1988 Phase 3: February 1992 Phase 4: January 1994 Phase 5: November 1994	2047
Chengdu Dasheng Logistics Co. Ltd.	100%	53,464	Chengdu	June 2019	2063
Jialong (Chengdu) Warehouse Co., Ltd.	100%	77,895	Chengdu	Phase 1: September 2014 Phase 2: April 2018	2062
Jiaxin (Chengdu) Warehouse Co., Ltd.	100%	27,599 39,711 (subject to final design)	Chengdu	February 2018 TBC	2064 2065
Chengdu Jiachao Warehouse Co., Ltd.	100%	71,470	Chengdu	Phase 1: September 2015 Phase 2: December 2015 Phase 3: November 2016	2064
Jiayao (Chengdu) Warehouse Co., Ltd.	100%	92,602	Chengdu	August 2022	2069
Wuhan Jiamai Warehouse Co., Ltd.	100%	169,287	Wuhan	Phase 1: December 2015 Phase 2: May 2016 Phase 3: June 2021	2064
Suzhou Greenland Platinum E-commerce Co. Ltd.	90%	80,250	Suzhou	June 2021	2068
Dongguan Humen Port Plastic Trading Co., Ltd.	100%	25,047	Dongguan	September 2017	2063
Shanghai Gushui Smart Logistics Warehousing Co., Ltd.	100%	78,613	Shanghai	September 2024	2056
Yuyao Hilltop Intelligent Supply Chain Technology Co., Ltd.	100%	46,331	Ningbo	August 2021	2069
Changzhou Hilltop Supply Chain Management Co., Ltd.	100%	33,477	Changzhou	July 2021	2070
Meizhi (Jiaxing) Science and Technology Co., Ltd.*	100%	49,301	Jiaxing	April 2022	2070

* Completed acquisition in September 2026

LOGISTICS (CONTINUED)

	Attributable Interest	Investment Scope	Location and Operation Date	Expiry Date
China United International Rail Containers Co., Limited	30%	Pivotal rail container terminal network	Kunming: January 2008 Chongqing: December 2009 Chengdu: March 2010 Zhengzhou: April 2010 Dalian: July 2010 Qingdao: August 2010 Wuhan: August 2010 Xian: December 2010 Ningbo: January 2011 Tianjin: January 2017 Urumqi: June 2017 Qinzhou: June 2019 Guangzhou: December 2021	2057

CONSTRUCTION

CTFS Construction Group (comprises Hip Hing Group, Vibro Group, Quon Hing Group and Hsin Chong Aster)

Attributable Interest	100% (Hip Hing Group, Vibro Group and Hsin Chong Aster); 50% (Quon Hing Group)
Services Offered	General contracting, construction management, civil engineering works, foundation works, provision of ready-mixed concrete, comprehensive electrical and mechanical engineering services.

FACILITIES MANAGEMENT

	Hong Kong Convention and Exhibition Centre (Management) Limited	**Shenyang New World Expo (Management) Limited**
Attributable Interest	100%	100%
Services Offered	Management and operation of venues for exhibitions, conventions, meetings, entertainment events, banquets and catering events, etc.	
Gross Rentable Space	91,500 sq m	28,000 sq m

	GHK Hospital Limited	**Parkway Medical Services (Hong Kong) Limited**
Attributable Interest	40%	40%
Services Offered	A private hospital with services spanning more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare services and facilities. Primary care services are also provided through its Gleneagles Medical Clinic Central Hong Kong. It also operates the Gleneagles Dispensary to serve as a one-stop destination for medications, home-use medical devices, and general health advisory services.	Healthcare facilities include three Gleneagles Healthcare clinics, Gleneagles MediCentre, Gleneagles Pro-HEART Cardiac Centre, Gleneagles Primo Surgical Centre, Gleneagles AdNat Hepatobiliary and Pancreatic Centre, and Parkway Laboratory Services Central, providing primary healthcare and specialist services, endoscopy, minor surgery, plastic surgery, aesthetic medicine, laboratory testing services, etc.

	Kai Tak Sports Park Limited
Attributable Interest	25%
Acreage	28 Hectares
Services Offered	Managing Kai Tak Sports Park, including three major venues facilities: a 50,000-seat Kai Tak Stadium with a retractable roof; Kai Tak Arena, an indoor sports centre with flexible seating configurations and a capacity of up to 10,000 seats; and Kai Tak Youth Sports Ground, an outdoor track and field facility with a seating capacity of 5,000. The Sports Park also comprises approximately 14 hectares of landscaped open space, together with Kai Tak Mall, a 700,000-square-feet retail mall spanning three purpose-designed buildings.

Glossary of Terms

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

GENERAL TERMS

"AGM"	Annual General Meeting
"AIDC"	Artificial Intelligence Data Centre
"ATL"	ATL Logistics Centre Hong Kong Limited
"BESS"	Battery Energy Storage System
"Blackhorn"	Blackhorn Group Limited
"Board"	the board of directors of CTFS
"Chinese Mainland"	the PRC excluding Hong Kong, Macau and Taiwan
"CTF Enterprises"	Chow Tai Fook Enterprises Limited
"CTF Group"	CTFC and its subsidiaries
"CTF Life"	Chow Tai Fook Life Insurance Company Limited
"CTFC"	Chow Tai Fook Capital Limited
"CTFH"	Chow Tai Fook (Holding) Limited
"CTFJ"	Chow Tai Fook Jewellery Group Limited
"CTFS", "CTF Services" or "Company"	CTF Services Limited
"CTFS Construction Group"	Comprises Hip Hing Group, Vibro Group, Quon Hing Group and Hsin Chong Aster
"CUIRC"	China United International Rail Containers Co., Limited
"ESG"	Environmental, Social and Governance
"EUR"	Euro, the official currency of the Eurozone
"FY2023"	the financial year ended 30 June 2023
"FY2024"	the financial year ended 30 June 2024
"FY2025"	the financial year ended 30 June 2025
"FY2026"	the financial year ended 30 June 2026
"FY2027"	the financial year ending 30 June 2027

GENERAL TERMS (CONTINUED)

"FY2029"	the financial year ending 30 June 2029
"FY2034"	the financial year ending 30 June 2034
"FY2035"	the financial year ending 30 June 2035
"GHK"	Gleneagles Hospital Hong Kong
"Goshawk"	Goshawk Aviation Limited
"Greater Bay Area"	the Guangdong-Hong Kong-Macao Greater Bay Area
"Group"	CTFS and its subsidiaries
"HIBOR"	Hong Kong Interbank Offered Rate
"Hip Hing Construction Group"	Hip Hing Group and Vibro Group
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"HK$'m"	million of Hong Kong dollar
"HKCEC"	Hong Kong Convention and Exhibition Centre
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKRBC"	Hong Kong Risk Based Capital
"HML"	Hong Kong Convention and Exhibition Centre (Management) Limited
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hsin Chong Aster"	Hsin Chong Aster Building Services Limited
"Hunan CTFS"	Hunan CTFS Expressway Co., Ltd
"KTSP"	Kai Tak Sports Park
"KTSPL"	Kai Tak Sports Park Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Logistics Asset & Management"	comprises ATL and logistics properties in the Chinese Mainland held by the Group
"Macau"	the Macau Special Administrative Region of the PRC

GENERAL TERMS (CONTINUED)

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
"MOP"	Macau Pataca, the lawful currency of Macau
"NWD"	New World Development Company Limited
"Parkway Medical"	Parkway Medical Services (Hong Kong) Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	Special General Meeting
"Shareholders"	the shareholders of the Company
"Shoucheng"	Shoucheng Holdings Limited
"SMBC"	SMBC Aviation Capital Limited
"Unisun"	Unisun Energy Services GmbH
"US$"	United States dollar, the lawful currency of USA
"USA"	the United States of America
"uSMART"	uSmart Inlet Group Ltd

TECHNICAL TERMS

"AI"	Artificial Intelligence
"IT Capacity"	power capacity available for information technology equipment
"km"	kilometre(s)
"MW"	megawatt(s), equal to 1,000,000 watts
"MWh"	megawatt-hour(s), equal to 1,000,000 watt-hours
"sq ft"	square foot (feet)
"sq m"	square metre(s)
"TEU(s)"	twenty-foot equivalent unit(s), a standard measurement unit of a container. It is based on the dimensions of a container 20 feet long by 8 feet wide by 8.5 feet high with an average load of approximately nine tonnes
"tonne(s)"	equal to 1,000 kilograms

FINANCIAL TERMS

"Adjusted EBITDA"	a non-HKFRS measure of the Group's operating profitability and calculated as operating profit excluding depreciation and amortization and other non-operating/non-cash items, plus dividends received from associated companies and joint ventures, and any other relevant adjustments. It should not be considered in isolation form, or as a substitute for, the Group's financial information prepared in accordance with HKFRS Accounting Standards. It may not be comparable to similar measures presented by other companies
"Attributable Operating Profit/(Loss)" or "AOP/AOL"	a non-HKFRS measure used by the Executive Committee of the Company to assess the performance of the operating segments. AOP represents the profit available for appropriation before non-operating and unallocated corporate office items. AOL represents loss before non-operating and unallocated corporate office items. It should not be considered in isolation form, or as a substitute for, the Group's financial information prepared in accordance with HKFRS Accounting Standards. It may not be comparable to similar measures presented by other companies
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"FVOCI"	fair value through other comprehensive income
"FVPL"	fair value through profit or loss
"HKAS(s)"	Hong Kong Accounting Standard(s)
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"Net Assets"	total assets less total liabilities
"Net Debt"	Total Debt less cash and bank balances
"Net Gearing Ratio"	$\frac{\text{Net Debt}}{\text{total equity}}$
"Total Debt"	the aggregate of borrowings and other interest-bearing liabilities
"Underlying Return on Equity"	$\frac{\text{profit for the year excludes non-operating items}}{\text{total equity}}$

OTHER TERMS FOR INSURANCE BUSINESS

"APE"	annual premium equivalent, a measure of new insurance business activity that is calculated as the sum of annualized regular premiums from new insurance business plus 10% single premiums on new insurance business written during a period
"CSM"	contractual service margin, being the estimate of unearned profits of the insurance contracts, and is systematically recognized as insurance revenue based on the services provided over the coverage period of the insurance contract
"Embedded value"	being an actuarially determined estimate of the economic value of a life insurance business based on a particular set of assumptions, which is equal to the sum of adjusted net worth and value of in-force business, excluding any economic value attributable to future new insurance business
"New business premium"	a measure of new insurance business activity that is calculated as the sum of annualized first year premiums and single premiums from new insurance business that are due, whether or not received during the year, including income which has accrued, where appropriate
"VONB"	value of new business, being the present value of distributable statutory earnings in the future (less the cost of holding solvency capital) from new insurance business sold in a period

BOARD OF DIRECTORS

Executive Directors

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Cheng Chi Ming, Brian *(Group Co-Chief Executive Officer)*
Mr Ho Gilbert Chi Hang *(Group Co-Chief Executive Officer)*
Mr Lam Jim *(Group Chief Operating and Financial Officer)*
Mr Cheng Chi Leong, Christopher

Non-executive Directors

Mr William Junior Guilherme Doo
(alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick)
Mr Tsang On Yip, Patrick

Independent Non-executive Directors

Mr Shek Lai Him, Abraham
Mr Lee Yiu Kwong, Alan
Mrs Oei Wai Chi Grace Fung
Mr Wong Kwai Huen, Albert
Professor Chan Ka Keung, Ceajer
Ms Ng Yuen Ting, Yolanda

BOARD COMMITTEES

Executive Committee

Dr Cheng Kar Shun, Henry *(Chairman)*
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lam Jim
Mr Cheng Chi Leong, Christopher

Audit Committee

Professor Chan Ka Keung, Ceajer *(Chairman)*
Mr Shek Lai Him, Abraham
Mr Lee Yiu Kwong, Alan

Remuneration Committee

Mr Shek Lai Him, Abraham *(Chairman)*
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lee Yiu Kwong, Alan
Professor Chan Ka Keung, Ceajer

Nomination Committee

Mr Lee Yiu Kwong, Alan *(Chairman)*
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Shek Lai Him, Abraham
Mrs Oei Wai Chi Grace Fung
Professor Chan Ka Keung, Ceajer

Environmental, Social and Governance Committee

Mr Wong Kwai Huen, Albert *(Chairman)*
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Lam Jim
Mr Lee Yiu Kwong, Alan
Mrs Oei Wai Chi Grace Fung
Ms Ng Yuen Ting, Yolanda

COMPANY SECRETARY

Mr Tang Wai Yau

REGISTERED OFFICE

Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21/F., NCB Innovation Centre
888 Lai Chi Kok Road
Cheung Sha Wan
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of America, N.A.
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.
Crédit Agricole Corporate and Investment Bank
DBS Bank (Hong Kong) Limited
Hang Seng Bank, Limited
Mizuho Bank, Ltd. Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

WEBSITE

www.ctfs.com.hk

CTF Services Limited takes every practicable measure to conserve resources and minimize waste. This annual report is printed on FSC® certified paper and other controlled material using chemistry free plate system and soy ink.

The FSC® logo identifies product group from responsible forestry in accordance with the rules of the Forest Stewardship Council®.







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