

CTF SERVICES LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 00659

ANNUAL REPORT 2025



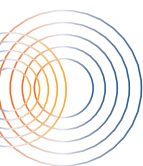
Corporate Profile

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 the Mainland. The Group's businesses include toll roads, financial services, 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.



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Chairman's Statement





Dear Shareholders,

Resilience, Vision, and Sustainable Growth: Charting the Next Chapter for CTFS

The Group delivered a solid performance for the financial year ended 30 June 2025, supported by a well-diversified business portfolio that continues to demonstrate resilience amid a volatile macroeconomic landscape. In an environment shaped by geopolitical tensions, inflationary pressures, and supply chain disruptions, our core values have remained central to our disciplined approach to business execution. This foundation is further reinforced by robust risk management and a steadfast commitment to sustainable practices.

We remain focused on driving growth and unlocking intrinsic value across our portfolio. Our high-quality assets, coupled with operational excellence, consistently generate strong cash flow. This provides a stable platform for future investments and strategic initiatives. Prudent capital stewardship continues to underpin our long-term success, as evidenced by our 22-year track record of uninterrupted dividend payments. This reflects our enduring commitment to delivering sustainable and progressive returns to our shareholders.

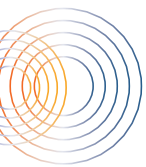
Financial prudence lies at the heart of our growth strategy. We strive to maintain an optimal balance between stability and expansion. Guided by the principle of “*Advance with Agility*”, we embrace a forward-looking mindset that adapts to evolving market dynamics and transforms challenges into opportunities. As part of our portfolio optimization efforts, we pursue acquisitions that offer strong, sustainable, risk-adjusted returns and focus on business segments that align strategically with our long-term vision. At the same time, we conduct thorough reviews of potential disposals to respond to the ever-changing business environment, unlock value and ensure efficient capital allocation.

Under the ESG framework of Breakthrough 2050, the Group is committed to translating sustainability ambitions into action by managing climate risks and capturing new opportunities. Our wholly-owned subsidiaries, CTF Life and Hip Hing Group, have achieved a key milestone by securing SBTi validation for their near-term greenhouse gas reduction targets. This strengthens our path toward net zero and reinforces our focus on a 1.5°C-aligned future. We continue to empower all business units to drive sustainable growth and capitalize on emerging opportunities.

Guided by the expertise of our seasoned management team and the unwavering dedication of our colleagues, we are forging a path of enduring growth and strength. With the continued trust of our stakeholders, we are confident in our ability to position the Group as a compelling investment proposition that delivers consistent returns over time.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 24 September 2025



Business Segments and Company Highlights

BUSINESS SEGMENT HIGHLIGHTS



Roads



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



the overall average remaining concession period of the Group's road portfolio was c. **12** years



Logistics



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



7 logistics properties in Chengdu, Wuhan and Suzhou



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



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\$58.5 billion**



Financial Services

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



Embedded Value was **HK\$25.3 billion**



HKRBC Solvency Ratio was **279%** (minimum requirement by regulator is 100%)

Top-notch global credit ratings

FitchRatings
A-

MOODY'S
A3



Facilities Management



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



Gleneagles Hospital Hong Kong – a 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 2025)

CREATING LONG-TERM VALUE TO OUR SHAREHOLDERS



22

consecutive years of dividend payments



Sustainable and Progressive Dividend Policy since FY2019

OUR INVESTMENT THESIS



Operational excellence across diversified businesses generate stable cash flow and contribute to resilient earnings even amid macroeconomic uncertainties



Expansion of Financial Services segment leveraging synergies within Chow Tai Fook Group's cohesive system presents growth prospect



Strategic portfolio optimization maximize long-term shareholder value



Proactive and prudent financial management and diversified sources of funding



Sustainable and Progressive Dividend Policy



Seasoned and independent management team with a proven track record of execution and value creation

DOMESTIC AND INTERNATIONAL RATINGS

MSCI ESG RATINGS

CCC B BB BBB **A** AA AAA

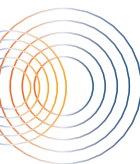


SEHK:0659



日本格付研究所





Key Events and Awards for the year



Rebranded NWS Holdings Limited to CTF Services Limited signifies a pivotal moment in our corporate journey, reflecting a deeper strategic alignment with the visionary goals and extensive resources of the Chow Tai Fook Group.

CTF Life 周大福人壽

Officially renamed FTLife Insurance Company Limited to Chow Tai Fook Life Insurance Company Limited, reinforcing our corporate identity and accelerating growth in Financial Services segment. By leveraging the trusted Chow Tai Fook brand, this move enhances our market presence and unlocks new opportunities.

CTF Logistics

Launched CTF Logistics as our dedicated platform to drive growth in the Mainland, underscoring our commitment to expanding Logistics segment. This strategic platform will focus on managing a portfolio of premier logistics properties to create long-term value for stakeholders.

Kai Tak Sports Park's grand opening is a milestone for our Group and Hong Kong. As a key partner in its development and operations, we are proud to deliver this world-class venue—elevating the city's global profile and creating a dynamic hub for sports, entertainment, and community life for future generations.





GOVERNANCE

Extel Award (formerly known as Institutional Investor Award)

Most Honored Company
Best CEO
Best CFO
Best IR Professional
Best IR Program
Best IR Team
Best ESG (Environmental, Social, and Governance)
Best Company Board

HKIRA

11th Investor Relations Awards

Best IR Company
Best IRO (Investor Relations Officer)
Best Investor Presentation Material
Best IR Team



Corporate Governance Asia 15th Asian Excellence Award 2025

Best CEO
Best CFO
Best Investor Relations Professional
Best Investor Relations Company
Best Corporate Communications
Sustainable Asia Award



SUSTAINABILITY

TVB ESG Awards 2024

Best in ESG Practices
Best in ESG Report
ESG Environment Innovative Technology Award
ESG Social Innovation Technology Award

HKMA Hong Kong Sustainability Award

Merit Award (Large Organization Category)



PEOPLE & CULTURE

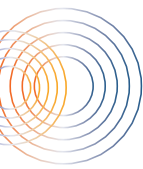
CTgoodjobs Best HR Awards 2024

Gold - Best Corporate Social Responsibility Award
Grand - Best ESG Award
Grand - Best Family-Friendly Employment Policy

JobMarket Employer of Choice Award 2024

Employer of Choice Award
Innovative Technology Deployment Award
Employee Communication Award
ESG HR Strategy





Financial Highlights

	2025 HK\$m	2024 HK\$m
Revenue	24,285.3	26,421.6
Profit attributable to shareholders of the Company	2,162.0	2,084.2
Attributable Operating Profit	4,466.2	4,167.4
Adjusted EBITDA	7,315.8	7,240.5
Dividend per share		
— Ordinary dividend	HK\$0.65	HK\$0.65
— Special dividend	HK\$0.30	HK\$1.79

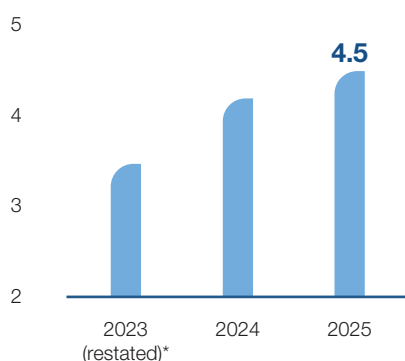
	2025 HK\$m	2024 HK\$m
Total assets	172,895.6	155,083.7
Net Assets	39,881.7	43,351.7
Return on Equity	6%	6%
Cash and bank balances	20,210.7	14,788.0
Net Debt	14,651.1	15,107.4
Net Gearing Ratio	37%	35%



AOP

for the year ended 30 June

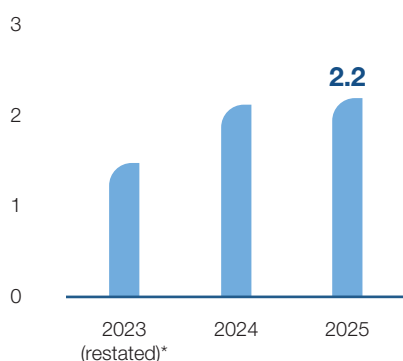
HK\$'billion



Profit attributable to shareholders of the Company

for the year ended 30 June

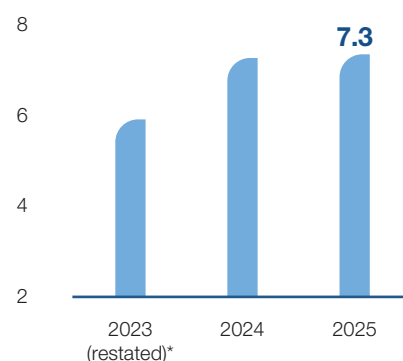
HK\$'billion



Adjusted EBITDA

for the year ended 30 June

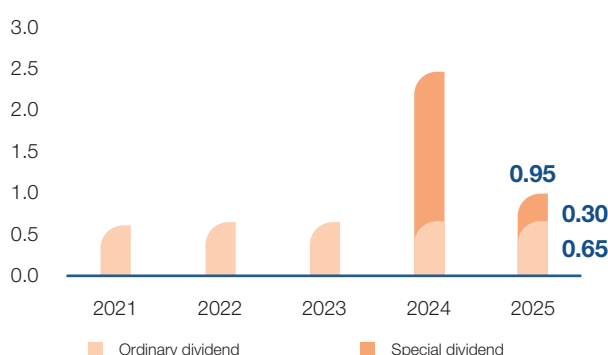
HK\$'billion



Dividend per share

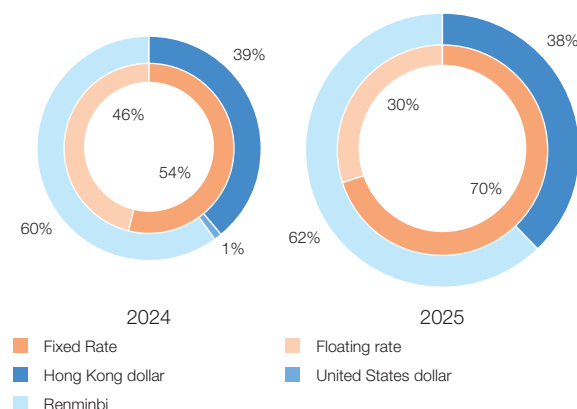
for the year ended 30 June

HK\$



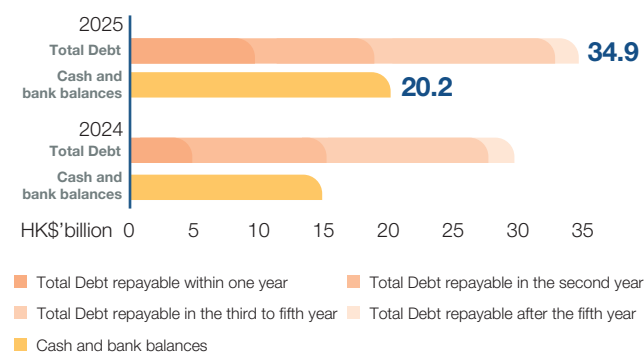
Debt profile

as at 30 June



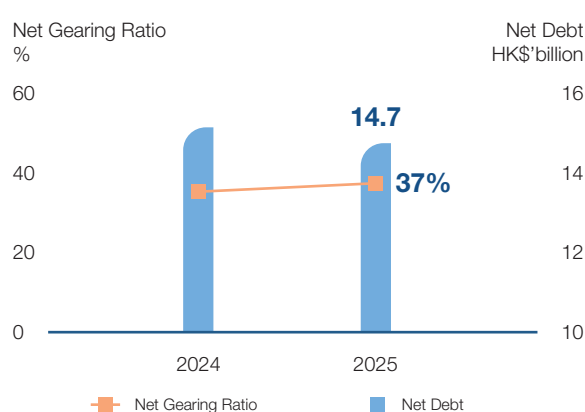
Cash and bank balances and Total Debt

as at 30 June

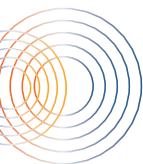


Net Gearing Ratio and Net Debt

as at 30 June



* From 1 July 2023, the Group adopted HKFRS 17 "Insurance Contracts", which replaced HKFRS 4 "Insurance Contracts". Comparative data for FY2023 have been restated accordingly.



Management Discussion and Analysis

BUSINESS REVIEW

Group overview

FY2025 was characterized by a challenging global landscape, marked by heightened geopolitical tensions, significant market volatility, and widespread economic uncertainty. Amid this complex environment, the Group demonstrated resilience and strategic agility, delivering a solid set of results. AOP rose by 7% year-on-year to HK\$4,466.2 million. This performance was driven by continuing robust growth in the Financial Services segment, partially offset by (i) the underperformance of the Free Duty business within the Facilities Management segment, though being divested in December 2024; (ii) a decline in the Roads segment following the expiry of the Guangzhou City Northern Ring Road concession in March 2024 and slower-than-expected traffic recovery in certain road projects; and (iii) a decrease in average rental rates for logistics properties in the Mainland, reflecting the slow pace of economic recovery.

In addition, certain non-operating items partially offset the increase in overall AOP. On the positive side, the Group benefited from its share of non-operating income from Goshawk, a joint venture of the Group, arising from insurance settlements related to the loss of six aircraft. However, this was offset by impairment losses associated with certain expressways resulting from lower traffic projection, higher fair value losses on investment properties due to downward adjustment of market rentals, and net loss from project disposals recorded during the current year. Despite these headwinds, profit attributable to shareholders of the Company rose modestly by 4% to HK\$2,162.0 million, reflecting the Group's ability to deliver shareholder value in a challenging environment.

Despite a noticeable decline in average borrowing costs, higher net finance costs were recorded due to a higher average Net Debt balance as a result of the redemption of the 5.75% senior perpetual capital securities ("2019 Perpetual Capital Securities") with an outstanding principal amount of US\$1,019.1 million in January 2024. Such redemption of 2019 Perpetual Capital Securities resulted in a significant reduction in profit attributable to holders of perpetual capital securities.

The Group continues to strategically optimize its business portfolio to capture high-growth opportunities, with a particular focus on segments demonstrating long-term potential. This approach is underpinned by disciplined capital allocation, including the divestment of non-core assets or assets in which the outlook of the segment is uncertain, and reinvestment into areas with strong prospects and strategic value to the long-term development of the Group. In December 2024, the Group completed the sale of its Free Duty business, marking a full exit from the sector. This was followed by the Group's joint venture entity completed the divestment of its entire stake in Hyva Group in January 2025, and the sale of the Group's 40% interest in ForVEI II S.r.l., which operates solar power assets in Italy, in May 2025. These strategic divestments have enhanced the Group's financial flexibility, enabling the reallocation of capital toward priority growth initiatives.

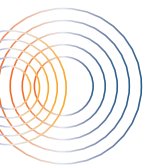


In response to rising demand for comprehensive financial services, in particular wealth management, the Group is expanding its footprint in this area. Reflecting this strategic evolution, the Insurance segment has been renamed as the Financial Services segment to better represent its broadened scope. To build a more integrated platform alongside CTF Life, the Group announced in March 2025 the acquisition of a 43.93% interest in uSMART, a leading technology-driven financial services company that provides professional, one-stop financial and wealth management solutions to retail and institutional clients in Greater China and Southeast Asia. Further reinforcing this strategy, the Group announced the acquisition of 65% interest in Blackhorn, an external asset manager, in August 2025. These acquisitions are expected to accelerate the development of the Financial Services segment and enable the Group to offer a more robust suite of wealth management solutions.

While further expanding the scope of its Financial Services segment, the Group remains committed to strengthening its capabilities in the Construction segment. With a constructive medium-term outlook for the sector, the Group acquired Hsin Chong Aster, a leading electrical and mechanical (“E&M”) engineering services contractor, in March 2025. This acquisition enhances CTFS Construction Group’s ability to deliver integrated solutions and is expected to contribute positively to the overall profitability and competitiveness of our Construction segment. In a market characterized by fewer active competitors, CTFS Construction Group is well-positioned to capture a greater share of upcoming project opportunities, supported by its strong execution track record and expanded service offerings.

Contribution from operations in Hong Kong accounted for 58% of the Group’s AOP in FY2025 (FY2024: 59%), while the Mainland contributed 40% (FY2024: 39%). Adjusted EBITDA increased by 1% year-on-year to HK\$7,315.8 million. Basic earnings per share for FY2025 was HK\$0.54, representing a slight year-on-year decline of 3%, primarily due to a one-off gain of HK\$102.7 million from the redemption of 2019 Perpetual Capital Securities recognized within the equity in FY2024. Excluding this one-off gain, basic earnings per share grew by approximately 2% year-on-year, reflecting the Group’s stable underlying performance.

The Group successfully reduced its average borrowing costs to approximately 4.1% (FY2024: 4.7%) per annum in FY2025 through proactive financial management. Since 2023, the Group has strategically shifted a substantial portion of its debt portfolio toward lower-cost RMB borrowings, serving as a natural hedge against RMB-denominated assets to mitigate the impact of potential RMB depreciation against the Hong Kong Dollar and reducing borrowing cost in a higher-for-longer United States interest rate environment. As at 30 June 2025, RMB debt accounted for 62% of Total Debt, which increased from 60% as at 30 June 2024. The ratio of RMB liabilities to RMB assets also increased to approximately 80% (30 June 2024: approximately 65%).



Management Discussion and Analysis

During FY2025, the Group continued to strengthen its debt structure to navigate market volatility. In August 2024, the Group issued US\$400 million 6.375% senior notes due 2028 at an issue price of 99.265%, enhancing its debt profile by diversifying funding sources and optimizing the maturity schedule. To sustain our current competitive borrowing cost, the ratio of fixed-rate debt to Total Debt increased to 70% as at 30 June 2025, up from 54% a year earlier.

In an effort to comply with the minimum 25% public float requirement, as stipulated under Rule 8.08(1)(a) of the Listing Rules, the Group issued a principal amount of HK\$780 million convertible bonds at 4.0% due July 2025 (the “4.0% Convertible Bonds”) in January 2025. Approximately 27% of the 4.0% Convertible Bonds were converted during its issuance period, resulting in an increase in the Company’s public float from 23.83% to 24.37% as of July 2025, representing a 0.54% uplift from the level prior to the convertible bond issuance. To further address the remaining shortfall, the Company repurchased HK\$566 million in aggregate principal amount of the remaining 4.0% Convertible Bonds in July 2025 and concurrently issued a principal amount of HK\$850 million convertible bonds at 2.8% due January 2027 (the “2.8% Convertible Bonds”), with an initial conversion price of HK\$7.67 per share, potentially convertible into 110,821,382 new shares. Assuming full conversion of the 2.8% Convertible Bonds into new shares and there will be no other change to the share capital of the Company, the public float of the Company will be elevated to 26.40%, hence complying the requirement under the Listing Rules. As at 23 September 2025, the public float of the Company was approximately 24.47%, which is marginally below the minimum requirement of 25%.

The Group maintains a disciplined approach to financial management, underpinned by consistently strong credit ratings. In January 2025, China Lianhe Credit Rating Co., Ltd. reaffirmed the Company’s credit rating at “AAA” with a stable outlook, and in May 2025, Japan Credit Rating Agency, Ltd. assigned the Group an “A+” Foreign Currency Long-term Issuer Rating and an “A+” Local Currency Long-term Issuer Rating, also with a stable outlook and marking the second consecutive year of such recognition. These ratings are expected to facilitate the Group’s financing activities at competitive pricing and foster collaboration with financial institutions and investors.

Demonstrating its commitment to ESG principles, the Group continues to actively explore sustainable, social, and green finance options. As at 30 June 2025, the Group’s sustainability-linked and green facilities amounted to approximately HK\$18.6 billion, up from approximately HK\$14.1 billion as at 30 June 2024.

In FY2025, the Group maintained a solid financial footing, supported by ample liquidity and a prudent capital structure. As at 30 June 2025, the Group held cash and bank balances of approximately HK\$20.2 billion, alongside unutilized committed banking facilities of approximately HK\$9.6 billion. Total available liquidity amounted to approximately HK\$29.8 billion, significantly exceeding debt obligations of approximately HK\$9.4 billion due within the next twelve months (including the redemption obligations under the 4.0% Convertible Bonds). To further strengthen its financial flexibility, the Group is actively engaged in discussions with financial institutions to refinance its debt obligations maturing within the next twelve months, a substantial portion of which is expected to be addressed in the first half of FY2026. This proactive approach reflects the Group’s disciplined financial management and ongoing commitment to maintaining a robust capital structure.



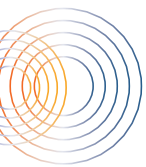
As at 30 June 2025, the Group's Net Debt balance remained at a healthy level of approximately HK\$14.7 billion (30 June 2024: approximately HK\$15.1 billion), representing a slight decrease of 3% year-on-year. The Group's Net Gearing Ratio, calculated as Net Debt over total equity, remained at an optimal level of 37% (30 June 2024: 35%), primarily driven by the full redemption of US\$268.2 million in the aggregate principal amount of senior perpetual capital securities during FY2025. This reflects the Group's disciplined approach on managing leverage while maintaining financial flexibility to support future growth and strategic initiatives.

The Group remains committed to its sustainable and progressive dividend policy, which aims to steadily increase or at least maintain the Hong Kong Dollar value of the ordinary dividend each year. For FY2025, the Board of the Company has resolved to recommend a final ordinary dividend of HK\$0.35 per share, consistent with the final ordinary dividend paid in FY2024. Together with the interim ordinary dividend of HK\$0.30 per share distributed earlier in the year, the total ordinary dividend distribution for FY2025 will amount to HK\$0.65 per share, in line with the prior year. This marks the Group's 22nd consecutive year of ordinary dividend distribution. In addition, a one-off special dividend of HK\$0.30 per share was distributed concurrently with the interim ordinary dividend in April 2025, bringing the total dividend distribution for FY2025 to HK\$0.95 per share.

The Board has further recommended to implement a scrip dividend scheme in respect of the final ordinary dividend ("Scrip Dividend Scheme"). Under this scheme, the eligible shareholders of the Company ("Shareholders") will receive the final ordinary dividend in cash, with an option to elect to receive the dividend wholly in the form of new shares of the Company ("Scrip Shares"), or partly in cash and partly in Scrip Shares.

The Board considers that the Scrip Dividend Scheme will enable the eligible Shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related transaction costs. Furthermore, the Scrip Dividend Scheme may help enhance the liquidity and trading volume of the shares of the Company and increase the public float of the shares of the Company for the purpose of fulfilling the minimum public float requirement of 25% of the shares as set out in Rule 8.08(1)(a) of the Listing Rules.

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 24 November 2025 (the "Bonus Issue"). The purpose of the Bonus Issue is to allow shareholders to enjoy a pro-rata increase in their shareholding in the Company at no additional cost. The Board believes that the Bonus Issue will not only enhance the liquidity of the shares of the Company in the market but also represent an appropriate and balanced way to respond to the support of the Shareholders throughout the years.



Management Discussion and Analysis

Profit Contribution

For the year ended 30 June

	2025 HK\$'m	2024 HK\$'m
Attributable Operating Profit	4,466.2	4,167.4
<i>Non-operating items</i>		
Net loss on fair value of investment properties, net of tax	(447.9)	(342.6)
Impairments and provisions, net	(645.5)	(51.5)
Net (loss)/gain on disposal of projects	(152.8)	12.3
Share of non-operating income/(expenses) of a joint venture, net	575.7	(52.8)
Share-based payment	(24.3)	(44.4)
<i>Unallocated corporate office items</i>		
Net finance costs	(1,010.1)	(744.1)
Expenses and others	(397.0)	(402.2)
	(2,101.9)	(1,625.3)
Profit for the year after tax and non-controlling interests⁽¹⁾	2,364.3	2,542.1
Profit attributable to:		
Shareholders of the Company	2,162.0	2,084.2
Holders of perpetual capital securities	202.3	457.9
	2,364.3	2,542.1

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.



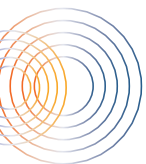
Adjusted EBITDA

For the year ended 30 June

	2025 HK\$'m	2024 HK\$'m
Operating profit	3,232.6	3,662.6
<i>Adjustments</i>		
Depreciation and amortization ⁽¹⁾	1,813.7	1,758.5
Other non-operating/non-cash items		
Net loss on fair value of investment properties ⁽²⁾	582.7	380.5
Impairment loss on intangible concession rights ⁽²⁾	311.9	–
Impairment losses related to associated companies, net of reversal ⁽²⁾	–	118.8
Reversal of provisions ⁽²⁾	–	(250.6)
Profit on disposal of interest in a joint venture ⁽²⁾	–	(6.4)
Profit on reclassification of interest in an associated company to a financial asset ⁽²⁾	–	(5.9)
Profit on disposal of assets held-for-sale ⁽²⁾	(42.7)	–
Share-based payment ⁽³⁾	24.3	44.4
Dividends received from associated companies and joint ventures ⁽⁴⁾	1,201.2	1,235.5
Other adjustment ⁽⁵⁾	192.1	303.1
Adjusted EBITDA	7,315.8	7,240.5

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⁾ Adjustment is made to include dividends from an associated company and joint ventures which were reinvested by the Group as disclosed in notes 21(f) and 22(h) to the consolidated financial statements respectively.



OPERATIONAL REVIEW

AOP Contribution by Segment

For the year ended 30 June

	2025 HK\$m	2024 HK\$m	Change % Fav./(Unfav.)
Roads	1,439.4	1,571.4	(8)
Financial Services	1,242.1	964.9	29
Logistics	740.4	722.3	3
Construction	719.3	705.0	2
Facilities Management [#]	88.5	228.3	(61)
Strategic Investments	236.5	(24.5)	1,065
Total	4,466.2	4,167.4	7

[#] If excluding the divested Free Duty business, the Facilities Management segment reported an AOP of HK\$127.7 million in FY2025, compared to HK\$110.3 million in FY2024, representing a year-on-year growth of 16%.

Roads

In FY2025, despite a challenging environment, certain assets of the Roads segment have demonstrated a stable performance. The Group is currently managing thirteen toll roads projects in the Mainland, spanning Guangdong Province, Zhejiang Province, Tianjin Municipality, Hubei Province, Hunan Province and Guangxi Zhuang Autonomous Region, with a total length of approximately 880 kilometers.

During the financial year, overall like-for-like average daily traffic flow increased by 2% year-on-year, while like-for-like average daily toll revenue declined by 2% year-on-year. This divergence primarily reflected shifting traffic patterns following the opening of Shenzhen-Zhongshan Link in June 2024, which led to a rise in short-distance travel and a corresponding decrease in long-distance travel on Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section).

The Roads segment reported a total AOP of HK\$1,439.4 million, representing a year-on-year decline of 8%. The decrease was primarily attributable to the expiry of the concession for Guangzhou City Northern Ring Road in March 2024, slower-than-expected traffic recovery and intensified competition across certain road projects. These adverse impacts were partially offset by a favourable base effect in the performance of Hangzhou Ring Road, which had been temporarily affected by traffic control measures during the Asian Games in FY2024. Excluding the impact of the concession expiries of Guangzhou City Northern Ring Road and three toll roads in Shanxi Province, the AOP from thirteen toll roads with full year profit contributions recorded a year-on-year increase of 1%. The Group's major expressways, including Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in the Central region (Suiyuan Expressway, Sui-Yue Expressway, and Changliu Expressway), collectively contributed over 80% of the total AOP of the Roads segment. Like-for-like average daily traffic flow of these expressways grew by 3% year-on-year, while like-for-like average daily toll revenue declined by 3% year-on-year. In April 2025, the Group completed the disposal of Shanxi Taiyuan-Gujiao Roadway (Gujiao Section) as it approached concession expiry. This roadway had an immaterial impact on the overall AOP of the Roads segment.

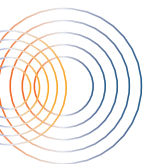


● Hangzhou Ring Road

The West Lake Service Area, located on the Group's wholly-owned Hangzhou Ring Road was awarded Platinum certification, the highest level of LEED certification from the U.S. Green Building Council, in September 2024. This achievement marked the first service area in the Mainland to receive this prestigious recognition, underscoring the Group's leadership in sustainable infrastructure development. Additionally, the Xiasha Service Area, another service area along Hangzhou Ring Road, completed its renovation in January 2025. The upgraded site now features 88 charging piles, making it one of the largest integrated photovoltaic-storage-charging facilities in Zhejiang Province, reflecting the Group's efforts to advance low-carbon transportation development.

The Group has conducted an assessment on certain expressways and recognized impairment losses totalling HK\$640.0 million in FY2025 resulting from lower traffic projection.

As at 30 June 2025, the overall average remaining concession period of the Group's road portfolio was approximately 12 years. Expansion works of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Guangzhou-Zhaoqing Expressway have been progressing according to schedule since late 2022 and late 2023 respectively. Upon estimated completion by the financial year ending 2028, the above two expressways will be eligible to apply for concession period extensions, which are expected to further lengthen the average concession period of the Group's road portfolio.



Financial Services

To reflect the expansion of service offerings and a shift toward a more comprehensive financial services strategy, the Group has renamed its Insurance segment as Financial Services segment.

In FY2025, the Financial Services segment delivered strong performance, with AOP surging by 29% year-on-year to HK\$1,242.1 million, primarily driven by the robust growth of CTF Life business. Supported by profitable business growth and favourable financial market movements, the CSM release from the insurance business rose by 28% year-on-year to HK\$1,130.1 million. As at 30 June 2025, the CSM balance, net of reinsurance, grew by 13% to approximately HK\$9.2 billion compared to 30 June 2024, positioning the Group for sustained profit recognition over the duration of the insurance contract.

CTF Life reported an overall APE of HK\$3,298.7 million in FY2025, representing a 27% year-on-year decline. This was primarily due to an exceptional strong performance in FY2024 following the post COVID-19 rebound, as well as intensified competition in the brokerage channel. However, the agency channel has grown significantly with its APE surging by 48% year-on-year, which partially offset the overall decline. Despite the short-term decline, APE remains on a strong medium-term growth trajectory, having achieved a compound annual growth rate (“CAGR”) of 23% over the past three years. Mainland Chinese visitors continued to be a key contributor, accounted for approximately 58% (FY2024: 59%) of total APE. VONB declined by 18% to HK\$1,003.3 million in FY2025 due to the slowdown in APE, though it maintained a CAGR of 24% over the past three years. Supported by effective capital management, product design aligned with the HKRBC regime, as well as a more favourable product mix, the VONB margin (representing VONB as a percentage of APE) improved to 30%, up from 27% in FY2024.

To strengthen its foundation for future growth, CTF Life augmented its agency force, resulting in a 48% uplift in agency productivity by APE and 24% rise in new recruits. These efforts contributed to a 23% year-on-year increase in the agency channel’s persistency ratio¹, which was the key driver behind the 8% improvement in CTF Life’s overall persistency ratio, reflecting enhanced service quality and stronger customer loyalty. Investment income from its fixed income portfolio increased to 4.6% per annum in FY2025 (FY2024: 4.5%). In the first three months of 2025, CTF Life ranked 11th among life insurers in Hong Kong by APE, maintaining a competitive market position.

During FY2025, CTF Life expanded its suite of financial and healthcare solutions to meet evolving customer needs. Following the successful launch of the Prime Treasure Savings Insurance Plan and the MyWealth Savings Insurance Plan 2 in the first half of FY2025, three new products were introduced in the second half. These include the ChampCare Medical Insurance (VHIS) Plan, offering comprehensive medical coverage with flexible deductible and benefit options; the We Shine Protection Linked Plan, providing enhanced life coverage of up to 500% of total basic premiums along with wealth accumulation benefits; and the GBA MediAccess Outpatient Insurance Plan (“GBA MediAccess”), which delivers seamless online and offline access to general practitioner and traditional Chinese medicine consultations, dental scaling, and health management services. These offerings reflect CTF Life’s integrated approach to financial planning and healthcare.

¹ The percentage of insurance policies paying the 19th monthly premium, as measured by premiums.



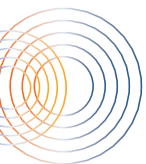
The launch of “GBA MediAccess” also exemplifies CTF Life’s strategy to deliver holistic, cross-boundary healthcare solutions. Developed in partnership with GBAH, also a member of the CTF Group, this market-first plan provides family coverage for up to three members and access to high-quality Chinese and Western medical services, dental care, and health management across Hong Kong, Macau and the GBA. Tailored for frequent travellers, the plan offers exceptional convenience and seamless cross-boundary healthcare access. The strategic alliance with GBAH, formed in early 2024, also established a tripartite partnership with Grade 3A hospitals in the GBA to deliver one-stop premium medical services. This initiative enhances medical efficiency, reduces healthcare costs, elevates customer experience, and supports the Hong Kong Government’s efforts to promote GBA development.

CTF Life maintained a resilient financial position in FY2025. Despite the inaugural dividend distribution of approximately HK\$0.5 billion, CTF Life’s solvency ratio under the HKRBC regime remained robust at 279% as at 30 June 2025, significantly exceeding the minimum regulatory requirement of 100%. Embedded value grew by 19% to HK\$25.3 billion as at 30 June 2025. This growth was driven by new business value, favourable equity market performance and capital efficiency gains under the new solvency regime. Moody’s maintained CTF Life’s insurance financial strength rating at A3 with a stable outlook, and Fitch Ratings affirmed its A- rating with a stable rating outlook. CTF Life further demonstrated strong asset and liability management, maintaining the HKRBC-based effective duration gap within a prudent range since the regime came into effective on 1 July 2024.

Following its rebranding from FTLife Insurance Company Limited to CTF Life in July 2024, the company has strategically leveraged CTF Group’s extensive businesses network to deliver its “Value Beyond Insurance” proposition. The innovative “CTF Life · CIRCLE” membership program exemplifies this vision by offering customers exclusive access to premium lifestyle benefits and memberships alliance across the CTF Group’s diverse portfolio, including luxury hospitality, retail, dining, education, healthcare services, and entertainment. This initiative deepens customer engagement and creates valuable cross-selling opportunities.

CTF Life’s excellence in product innovation, talent development, marketing, and ESG initiatives was recognized through numerous awards in FY2025. These included over 25 accolades in the second half of FY2025, such as the Bloomberg Businessweek “Financial Institutions Awards 2025” and the Metro Finance “GBA Insurance Awards — Hong Kong & Macau 2025”.

Recognizing the sustained demand for wealth management solutions, the Group is strategically expanding its Financial Services portfolio. In March 2025, the Group announced the acquisition of a 43.93% equity interest in uSMART, a leading technology-driven financial services company. uSMART provides professional, one-stop financial and wealth management solutions to retail and institutional clients in Greater China and Southeast Asia. Upon completion, the acquisition is expected to significantly broaden the Group’s wealth management capabilities and generate synergistic value with CTF Life.



Management Discussion and Analysis

Logistics

FY2025 marked a modest growth in the Logistics segment, underpinned by stable performance from ATL and a substantial surge in contributions from CUIRC, which was partially offset by softer profitability from logistics properties in the Mainland. Overall, the Logistics segment delivered a year-on-year AOP increase of 3%, reaching HK\$740.4 million.

As at 30 June 2025, the Logistics Asset & Management portfolio, comprising ATL in Hong Kong and seven logistics properties in the Mainland, with gross leasable areas of approximately 5.9 million square feet and 6.5 million square feet, respectively. ATL offers ramp access to all floors and benefits from a strategically advantageous location that enhances operational efficiency for tenants. Despite a softening leasing environment amid macroeconomic uncertainties, ATL achieved higher average rental rates, which helped offset the impact of lower occupancy due to evolving tenant requirements stemming from reciprocal tariffs and a slowdown in the Hong Kong retail market. As at 30 June 2025, ATL recorded a year-on-year average rental growth of 8%, while its occupancy rate declined to 80.7% (30 June 2024: 96.3%). In response to evolving market dynamics, ATL is pursuing a dual-focused strategy that emphasizes tenant diversification and strategic capital investments in enhanced amenities and facilities. Its AOP contribution remained stable in FY2025.



● A property of CTF Logistics in the Mainland



In the Mainland, tariff-related headwinds and destocking pressures continued to dampen leasing demand, placing downward pressure on rental rates. Amid prevailing market uncertainties, tenants adopted a cautious stance during contract renewals. In response, the Group proactively adjusted rental rates and introduced flexible leasing arrangements to sustain occupancy levels and reinforce portfolio resilience. As at 30 June 2025, the average occupancy rate across the six logistics properties in Chengdu and Wuhan rose to 94.7% (30 June 2024: 85.4%), reflecting the effectiveness of the Group's adaptive leasing strategy. For the logistics property in Suzhou, the Group proactively terminated the lease with the sublessor (which was in existence prior to our acquisition in June 2023) in April 2025, thereby enabling us to deliver exceptional services and foster more robust and long-term relationships with tenants directly. While the termination has a short-term impact on the occupancy which dropped to 40.7%, the Group is confident that the occupancy will return to normality after taking over with our superior services and vast tenant network. Overall, the average occupancy rate across the seven logistics properties in Chengdu, Wuhan and Suzhou remained stable at 87.5% (30 June 2024: 87.4%).

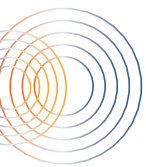
CUIRC currently operates thirteen railway container terminals located in Kunming, Chongqing, Chengdu, Zhengzhou, Wuhan, Xi'an, Dalian, Qingdao, Ningbo, Tianjin, Urumqi, Qinzhou, and Guangzhou. Benefiting from the strong support of the government of the PRC for the development of rail transportation, CUIRC delivered robust operational performance in FY2025. The growing demand for multimodal transportation services, particularly the China-Europe Railway Express and the New International Land-Sea Trade Corridor Railway Express, along with expanded terminal capacity and increased demand for ancillary logistics services, contributed to CUIRC's strong growth.

In FY2025, CUIRC reported a year-on-year uptick in AOP of 23%, with throughput rising 10% to 7,000,000 TEUs. To meet growing demand, CUIRC is actively enhancing its terminal infrastructure. The project to double the handling capacity of the Tianjin terminal was completed in March 2025, which significantly improved the terminal's handling capacity and operational efficiency.

Construction

The Construction segment, represented by CTFS Construction Group, was further strengthened during the financial year following the strategic acquisition of Hsin Chong Aster in March 2025. CTFS Construction Group now comprises four well-established specialist entities: Hip Hing Group (building design and construction), Vibro Group (Hong Kong's longest-standing foundation specialist), Quon Hing Group (a leading concrete supplier), and Hsin Chong Aster (a prominent provider of E&M engineering services). This consolidation reinforces CTFS Construction Group's position as a leading provider of integrated construction solutions, offering comprehensive one-stop services across residential, commercial, government and institutional sectors in Hong Kong.

In FY2025, CTFS Construction Group delivered resilient performance, maintaining a steady AOP of HK\$719.3 million, despite headwinds from a softer project pipeline and rising material costs. Notably, Hsin Chong Aster contributed positively to profitability following its integration into CTFS Construction Group. Major projects undertaken during the financial year included commercial development at Caroline Hill Road in Causeway Bay, commercial and residential developments at Kai Tak and residential development at Ma Wo Road, Tai Po.



Management Discussion and Analysis

Capitalizing on its deep technical expertise and proven track record, CTFS Construction Group maintained its competitive edge in Hong Kong's construction industry. Newly awarded contracts rose by 9% year-on-year to approximately HK\$23.9 billion, significantly outperforming the broader market. Notably, Vibro Group solidified its leadership in the foundation sector and captured a considerable share of new projects, further demonstrating CTFS Construction Group's unmatched strength and commitment to excellence. As at 30 June 2025, the gross value of contracts on hand stood at approximately HK\$58.5 billion. The remaining works to be completed amounted to approximately HK\$38.5 billion, representing a 24% increase compared to 30 June 2024. In response to a contraction in private sector project opportunities, CTFS Construction Group strategically pivoted towards government and institutional related projects. As a result, 61% of the remaining works to be completed were attributable to these segments, up from 48% a year earlier. The remaining portfolio comprised 31% private sector projects (including both commercial and residential developments) and 8% from New World Group. This strategic rebalancing reflects CTFS Construction Group's proactive approach to navigating market shifts while maintaining a diversified and resilient project pipeline.

Key projects awarded during FY2025 included AsiaWorld-Expo Phase 2 development, main contract works for residential development at Ma Wo Road, Tai Po, excavation and lateral support works (stages 1 & 2) for the integrated basement and underground road in zones 2A, 2B & 2C of The West Kowloon Cultural District, dedicated rehousing estate at Ma Tau Kok and Building 1 Development of Hong Kong-Shenzhen Innovation and Technology Park.

CTFS Construction Group continued to receive industry recognition in the second half of FY2025. In addition to the accolades earned earlier in the year, Hip Hing Group was honoured with the Grand Award at the HKIE 50th Anniversary Legacy Award and Grand Award at the CICES Awards 2025 for its exceptional work on the KTSP project. This recognition underscores Hip Hing Group's ongoing pursuit of innovation and engineering excellence in shaping Hong Kong's landmark developments. Furthermore, Hip Hing Group and Vibro Group were awarded the 2024 Environmental Merit Award and the ESG Contribution Advocate Award, affirming their commitment to ESG integration and responsible business practices.

During FY2025, CTFS Construction Group achieved notable progress in digital transformation journey, embedding innovation as a core pillar of its operational strategy. CTFS Construction Group successfully deployed a suite of cutting-edged technologies, including Hong Kong's first mobile BIM CAVE system, a multimodal large language model robotic safety dog, a self-developed distant tower crane command system, and AI-powered piling and monitoring solutions. These technological advancements have delivered measurable improvements in operational efficiency, site safety, and cost management. More importantly, they exemplify CTFS Construction Group's unwavering commitment to engineering excellence and its proactive approach to setting new benchmarks in industry best practices.



Facilities Management

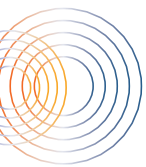
In FY2025, if excluding the divested Free Duty business, the Facilities Management segment delivered a year-on-year AOP increase of 16%, reaching HK\$127.7 million. While including the divested Free Duty business, the segment's AOP recorded a year-on-year decrease of 61% to HK\$88.5 million. GHK successfully completed its ramp-up phase and began contributing positively to the Group's profitability during the current financial year. This was partially offset by a drop in AOP of HKCEC primarily due to the decline in food and beverage revenue as a result of the reduced number of banquet events, as well as the downscaling of trade exhibitions, amid ongoing macroeconomic headwinds. Additionally, KTSPL, in which the Group holds a 25% interest, recorded an AOL mainly due to pre-operational expenses. The divestment of the Free Duty business in December 2024, which incurred an AOL of HK\$39.2 million between July 2024 and December 2024, marked a strategic exit from all duty free-related operations. This move is expected to enhance the segment's profitability in future periods by allowing the Group to focus on higher-performing and strategically aligned operations.

HKCEC continues to strengthen its position as Asia's premier events hub by hosting a diverse portfolio of international and regional exhibitions, conferences, and entertainment events. In FY2025, total attendance increased by 7% year-on-year, reaching approximately 7.8 million across 786 events (FY2024: 823 events).

GHK made notable progress in ramping up its operations during FY2025, driven by a focus on operational excellence and the delivery of high-quality healthcare services. This resulted in its first-time positive AOP contribution since opening. Revenue recorded solid growth, while EBITDA surged by 23% year-on-year, accompanied by further improvement in EBITDA margin during FY2025. Patient volumes continued to rise, with strong performance in inpatients services revenue. As at 30 June 2025, the number of regularly utilized beds reached 337 (30 June 2024: 313), with an average occupancy rate of 64% (30 June 2024: 65%).



● Gleneagles Hospital Hong Kong



Management Discussion and Analysis

Aligned with GHK's strategic development roadmap, Parkway Medical, a business venture between the Group and IHH Healthcare Berhad, which aims to provide ancillary healthcare services and broaden its service offerings and network, opened a new clinic in November 2024 in the Western District of Hong Kong Island, offering comprehensive primary healthcare services, including Chinese medicine.

Parkway Medical also expanded its specialist clinic network by opening Gleneagles Primo Surgical Centre in September 2024 in Central, focusing on head and neck tumour treatments, plastic and reconstructive surgeries, breast health-and ear, nose and throat-related services, as well as minor surgical procedures, and followed by the launch of Gleneagles Dispensary in December 2024, which serves as a one-stop destination for medications, health supplements, home-use medical devices, and general health advisory services.

These strategic expansions complement GHK's existing healthcare network, which includes Gleneagles Healthcare Wong Chuk Hang Hong Kong, Gleneagles Healthcare South Horizons Hong Kong, Gleneagles Medical Clinic Central Hong Kong, Gleneagles Pro-HEART Cardiac Centre, and Parkway Laboratory Services Central Hong Kong. This integrated network facilitates seamless client referrals and enhances the continuum of care across the Group's healthcare platform.

GHK maintains a steadfast focus on innovation, research, and excellence in healthcare. It offers robotic surgery services and leverages AI technologies and advanced digital solutions to enhance patient care and experience. In March 2025, GHK became the first private hospital in Asia to offer Histotripsy treatment, a transformative, non-invasive technology that uses high-intensity ultrasound waves to destroy tumours in liver cancer patients. This milestone underscores GHK's leadership in pioneering medical innovations.

Further reinforcing its dedication to research and innovation, GHK partnered with the Faculty of Medicine of The University of Hong Kong in September 2024, to establish Hong Kong's first private hospital clinical trials centre. Gleneagles Clinical Trials Centre facilitates a broad spectrum of clinical research, including studies on treatments, medical procedures, pharmaceuticals, and medical devices, contributing to the advancement of healthcare development.

KTSP, in which the Group holds a 25% interest, was awarded a 25-year Design-Build-Operate contract by the Hong Kong Government in late 2018 to develop and manage the KTSP. The 28-hectare state-of-the-art sports and entertainment complex officially commenced operations in March 2025, featuring a 50,000-seat Main Stadium with a retractable roof (Kai Tak Stadium), a 10,000-seat Indoor Sports Centre with flexible seating configurations (Kai Tak Arena), and a 5,000-seat Public Sports Ground (Kai Tak Youth Sports Ground), as well as a covered multi-wall climbing facility and diversified outdoor sports facilities for sports such as futsal, tennis, beach volleyball. The development also includes a 700,000-square-foot retail mall (Kai Tak Mall), which achieved an occupancy rate of over 80% as at 30 June 2025. The retail mall houses over 30 premium sports brands and 70 dining restaurants, creating a vibrant retail and lifestyle destination focused on sports and entertainment. Among these are a 40-lane world-class bowling centre, a renowned soccer academy and a billiard sports academy. Since its inauguration, more than 30 local and international sports, entertainment events and community activities have been held at KTSP, attracting over one million event attendants to Kai Tak Stadium and about seven million visitors Precinct-wide. Since its opening, KTSP has made an extraordinary contribution to the city's economic development, further enhancing Hong Kong's position as "Asia's Event Capital" while promoting public engagement that enriches the life experiences of citizens.



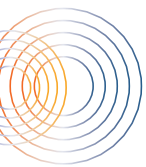
● Kai Tak Sports Park

Strategic Investments

This segment comprises investments with strategic value to the Group and exhibit strong growth potential, thereby contributing to long-term value creation for shareholders. In FY2025, the segment's AOP, which primarily includes the Group's share of results, net fair value changes, interest income, and dividend income from a diversified investment portfolio, surged substantially to HK\$236.5 million, compared to an AOL of HK\$24.5 million in FY2024. This notable improvement was largely driven by a net fair value gain of certain strategic investments within the segment.

As part of the Group's ongoing strategy to optimize its business portfolio and enhance shareholder returns, a joint venture entity of the Group completed the disposal of its entire interest in Hyva Group, including the associated shareholder loan, in January 2025. The transaction valued Hyva Group at an enterprise value of US\$425 million, with net proceeds of approximately HK\$1.2 billion attributable to the Group. The disposal loss associated with the transactions, including the related release of reserves, of HK\$206.3 million was shared by the Group from this joint venture in FY2025 as a non-operating item.

In May 2025, the Group further streamlined its investment portfolio through the divestment of its 40% equity interest in ForVEI II S.r.l., an investment platform focused on solar power assets in Europe.



BUSINESS OUTLOOK

Roads

Despite the government of the PRC's ongoing stimulus measures aimed at boosting infrastructure demand, the toll road industry continues to face growth challenges in certain regions. The sector operates within a dynamic environment shaped by evolving traffic patterns and increasing competition from newly developed road networks, which may lead to revenue volatility for the segment as a whole. Additionally, a gradual shift in traffic mix driven by broader economic restructuring could further impact revenue yields. While the industry benefits from its inherent resilience, the Group remains cautious in further expanding in this segment.

Looking ahead, in light of growing execution complexities and a constrained landscape for securing new investment opportunities in strategic locations that meet the Group's rigorous return thresholds, the Group remains focused on maintaining operational agility. We will continue to implement proactive strategies to manage volatility risks and adapt to the evolving transportation ecosystem.

Financial Services

The Group aspires to build a professional, one-stop financial and wealth management platform that addresses the dynamic needs of clients, with particular focus on serving high-net-worth individuals. With Hong Kong remaining a premier hub for professional financial services, the Group sees strong growth potential in this market. Our expansion strategy focuses on deepening our presence in Hong Kong, acquiring new customers in Greater China and Southeast Asia, and diversifying our suite of global investment solutions for our clients.

To broaden its capabilities, the Group announced in August 2025 the acquisition of a 65% equity interest in Blackhorn, an external asset manager headquartered in Hong Kong. Blackhorn provides a full-service platform encompassing wealth management, asset allocation and legacy planning. The upcoming completion of two strategic acquisitions, uSMART and Blackhorn, marks a significant step forward in enhancing the Group's bespoke advisory services. These additions will complement our insurance business and extend our offerings beyond traditional products, enabling us to provide online securities brokerage, wealth management and investment advisory services, as well as a wide range of multi-asset products for individual clients. As digitalization continues to reshape the financial landscape, uSMART's regulatory licenses and experienced technology professionals position the Group to deliver advanced and customized fintech solutions to institutional clients, alongside other capital market services.

Leveraging the long-established brand heritage of the CTF Group, along with its robust financial strength and strategic global investments, CTF Life has established its Bermuda operations as a dedicated offshore insurance hub. This strategic footprint extension is a key milestone of CTF Life's growth strategy and underscores its commitment to delivering customer-centric insurance solutions. The Bermuda platform offers bespoke insurance products designed to meet the growing, sophisticated needs of high-net-worth individuals, including global asset allocation, portfolio diversification, long-term wealth appreciation, and legacy planning. The expansion represents a pivotal move for CTF Life to further strengthen its market differentiation and support CTFS's vision of building a scalable and multi-faceted wealth management platform.



To further strengthen its market position, CTF Life is boosting its agency force and expanding distribution capabilities. The strategy centres on recruiting and developing high-performing Life Planners to promote its premium product portfolio, while leveraging digital tools to optimize sales productivity. By broadening its talent pool and investing in professional training, CTF Life ensures its agency network remains agile and responsive to evolving customer needs.

As part of its ongoing rebranding initiatives, CTF Life continues to leverage synergies across the CTF Group's diverse business network. The "CTF Life · CIRCLE" membership program exemplifies this integrated approach, offering tiered members a range of differentiated benefits, including exclusive lifestyle privileges, curated online and offline experiences, and access to the CTF Group's extensive alliance network. These initiatives are designed to deepen customer engagement, strengthen brand affinity, and enhance long-term loyalty.

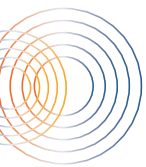
Cross-selling across our three financial services pillars, including insurance, wealth management, and securities brokerage, will support revenue growth. By leveraging the CTF Group's extensive business network, we aim to deliver exclusive offerings that differentiate us from competitors and reinforce our market leading position.

Logistics

Our logistics warehouse operations in the Mainland have been strategically rebranded as CTF Logistics, leveraging the strong brand equity of "Chow Tai Fook". Aligned with the Group's business philosophy, CTF Logistics aspires to be 'Your trusted partner in premium logistics space and services' in the Mainland. The Group is committed to delivering high-quality solutions and exceptional service standards, supported by a mature operational framework and a professional management team. This rebranding marks a significant milestone in enhancing market recognition while aligning with the esteemed legacy of the CTF Group.

ATL remains well-positioned to navigate market challenges, thanks to its state-of-the-art warehouse facilities, prime location and world-class operations. Despite temporary pressure on occupancy rate, ATL is enhancing its appeal through a deliberate strategy of tenant diversification. This initiative is designed to attract new tenants, especially from resilient sectors, strengthening ATL's ability to command premium rents from a more diverse and sustainable tenant mix. As the preferred distribution hub for major retailers and third-party logistics providers in Hong Kong, ATL is expected to maintain its industry leadership over the long term.

In the Mainland, the logistics sector is poised to benefit from the anticipated recovery in consumer sentiment. The Group continues to prioritize excellence in execution, placing strategic emphasis on agility in meeting the needs of customers, resilience and adaptability over scale alone. This approach is underpinned by initiatives to enhance operational efficiency, implement prudent cost controls, and strengthen sustainability practices. Through these measures, the Group aims to preserve the competitiveness of its logistics assets in key hubs including Hong Kong, Chengdu, Wuhan and Suzhou.



Management Discussion and Analysis

The Group believes that continued expansion of e-commerce will drive sustained demand for efficient logistics services, reinforcing the strategic importance of modern logistics real estate. High-quality, sustainable logistics assets located in prime urban areas remain highly attractive to both international and domestic tenants. In response to current market dislocation, the Group is actively identifying and securing undervalued logistics opportunities in the Mainland, with a particular focus on premium warehouse assets which are already in operation in the GBA and the Yangtze River Delta. This strategy enables the Group to acquire high-quality assets at compelling valuations, expand its operational footprint, and unlock significant long-term value creation and cash flow generation. While market conditions present compelling investment opportunities, the Group remains committed to a disciplined approach, carefully evaluating potential acquisitions in alignment with its long-term strategic objectives and conservative risk appetite. This ensures the continued development of a stronger and more resilient income stream, reinforcing the Group's commitment to sustainable growth and value creation.

CUIRC is well-positioned for accelerated growth, supported by favourable national policies promoting railway freight development and logistics cost optimization. With strategically located terminals along the Belt and Road Initiative routes, CUIRC is poised to capture rising cross-border rail demand and foster regional economic connectivity. CUIRC continues to enhance its competitiveness through high-quality development initiatives, including terminal modernization and intelligent system upgrades. The expansion work of the Urumqi terminal is progressing, and it is expected to be completed and put into operation by the end of 2025. Those operational improvements, combined with customer-centric innovations in product design, service quality, and functionality of the business management system, are expected to drive sustainable growth and reinforce a positive outlook for CUIRC.

Construction

CTFS Construction Group is strategically positioned to benefit from the anticipated recovery of Hong Kong's construction market. The successful acquisition of Hsin Chong Aster in March 2025 has significantly strengthened CTFS Construction Group's capabilities in delivering integrated, multidisciplinary construction solutions across a broad spectrum of project types. Residential market sentiment is showing signs of improvement, supported by increased participation from property developers in recent land tenders and a rebound in private residential transaction volumes. Early indicators of stabilization in the real estate market further reinforce this optimistic outlook.

With a less crowded competitive landscape, CTFS Construction Group is well-placed to capture a greater share of upcoming project opportunities, underpinned by its strong execution track record and expanded service offerings. Key near-to-medium-term opportunities include university student dormitories, hospital redevelopment and expansion, subsidized housing (e.g. Housing Society projects), and large-scale infrastructure such as exhibition facilities, including AsiaWorld-Expo Phase 2. The medium-to-long-term outlook remains positive, supported by the Hong Kong Government's accelerated development of the Northern Metropolis, a transformative initiative expected to generate substantial demand for high-quality construction services.

CTFS Construction Group is poised to leverage its extensive capabilities, multidisciplinary expertise, and innovative approach to meet this demand. As part of its forward strategy, CTFS Construction Group remains committed to advancing its technological capabilities to enhance project delivery and outcomes. Continued investment in innovation will be instrumental in strengthening CTFS Construction Group's competitive edge, enabling it to deliver smarter, safer, and more sustainable construction solutions that align with evolving industry standards and client expectations.



Facilities Management

The Group maintains a positive long-term outlook for the Facilities Management segment, which is well-positioned to benefit from evolving market dynamics and strategic growth initiatives.

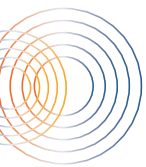
The Hong Kong Government's Incentive Scheme for Recurrent Exhibitions 2.0 provides eligible international exhibition organizers with a venue rental subsidy of up to 100%, capped at HK\$10 million per exhibition. HKCEC is well-positioned to capitalize on this initiative, leveraging its world-class infrastructure, advanced technologies and innovative event solutions. To secure a robust and diverse pipeline of international and local events, HKCEC is actively exploring new opportunities in emerging sectors, such as fintech, life sciences and AI, while expanding its portfolio of conventions and conferences. This proactive strategy enables HKCEC to continue delivering exceptional event experiences and reinforces Hong Kong's reputation as a dynamic hub for commerce, culture, and global exchange.

GHK continues to capture rising demand for premium and cross-border healthcare services. It has demonstrated strong performance across operational and financial metrics, while actively expanding its integrated healthcare network. In the fourth quarter of 2025, Parkway Medical will further strengthen its footprint with the launch of Gleneagles MediCentre in Admiralty. Strategically located in the city centre, this new ambulatory care facility will offer minor day surgeries, endoscopic procedures, oncology care, and medical aesthetics services, broadening its service offerings and revenue streams.

Parkway Medical is also exploring strategic expansion into Kowloon, extending its reach beyond Hong Kong Island. Concurrently, it is advancing its partnership with Caritas - Hong Kong, with collaborative agreements underway to progressively manage selected services at Precious Blood Hospital (Caritas), including medical services, clinical laboratory operations, and pharmacy-related functions. These initiatives will enhance Parkway Medical's service capabilities and community outreach.

Meanwhile, GHK is accelerating its presence in the GBA through strategic alliances with local hospitals. These partnerships aim to facilitate cross-border healthcare solutions, including insurance-linked services and seamless patient referrals between Hong Kong and the Mainland. This multi-dimensional growth strategy cements GHK's position as a leading provider of integrated healthcare services in the region.

Since its grand opening in March 2025, KTSP has emerged as a key player contributing to Hong Kong's mega-events economy. Looking ahead, more major sports and entertainment events will be held at KTSP, including some major events of the prestigious 15th National Games (Hong Kong), further reinforcing its role as a key venue for hosting major sports and entertainment events in Hong Kong. Kai Tak Stadium has welcomed more than one million visitors since its inauguration, underscoring its popularity and impact of events held at KTSP. As a transformative infrastructure project, KTSP serves not only as a venue but also as a powerful catalyst for growth across tourism, hospitality, and retail sectors. Through visionary management and strategic partnerships, the Group remains committed to enhancing KTSP's operational efficiency, ensuring long-term financial sustainability, and delivering phenomenal experiences for all stakeholders.



LOOKING FORWARD

The Group remains firmly committed to long-term value creation through portfolio optimization and disciplined capital management. Capitalizing on the inherent agility of its diversified business portfolio, the Group continues to realign its strategy toward segments with growth potential, with a particular focus on Financial Services and Logistics. These sectors have been prioritized for their compelling attributes, namely sustainable growth potential, and consistent cash flow generation, which collectively enhance portfolio quality and reinforce resilience.

Despite persistent global uncertainties, including geopolitical tensions, inflationary pressure, and supply chain disruptions, the Group's robust fundamentals provide a strong foundation to navigate market volatility. Prudent capital management and operational efficiencies continue to support strong ample liquidity, enabling the Group to recover swiftly and maintain a sustainable growth trajectory even under challenging conditions.

Operational excellence remains a cornerstone of the Group's strategy, driving consistent performance and enabling disciplined capital allocation. This approach supports the maintenance of a sustainable and progressive dividend policy, while the deeper integration of ESG principles across operations reinforces responsible business practices and aligns with evolving stakeholder expectations.

Looking ahead, the Group will continue to leverage its strategic agility, financial strength, and operational discipline to capture emerging opportunities, strengthen portfolio resilience, and deliver sustainable value to stakeholders.





FINANCIAL RESOURCES

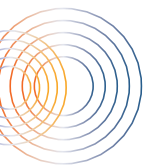
Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group operates a centralized treasury function to monitor its cash position, cash flow and debt profile as well as optimize its funding cost-efficiency. In order to maintain maximum financial flexibility with adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will continue to expand our sources of funding which include perpetual capital securities and debt issuance in the capital markets as well as bank borrowings, both offshore and onshore, for which the proportion will change from time to time depending on the financial market conditions. The capital structure of the Group was 47% debt and 53% equity as at 30 June 2025, compared with 41% debt and 59% equity as at 30 June 2024. The Group has fully redeemed US\$268.2 million in aggregate principal amount of senior perpetual capital securities with floating rate coupon issued to a private investor ahead of its first reset date in July 2024. The Group has also issued US\$400 million 6.375% senior notes due 2028 in the current year which further improved its debt maturity profile.

In January 2025, the Company issued the 4.0% Convertible Bonds with the primary objective of restoring its public float as required under Rule 8.08(1)(a) of the Listing Rules. During its tenor, HK\$214 million in aggregate principal amount of the 4.0% Convertible Bonds has been converted into 28,276,891 shares, thereby increasing the public float from 23.83% to 24.37%. In July 2025, the Company repurchased HK\$566 million of the 4.0% Convertible Bonds and issued the 2.8% Convertible Bonds concurrently. The initial conversion price for the 2.8% Convertible Bonds is HK\$7.67 per share. The issuance of the 2.8% Convertible Bonds will help to further increase its public float to 26.40%, assuming there will be no other change to the share capital of the Company and should the 2.8% Convertible Bonds be fully converted into ordinary shares of the Company at the initial conversion price of HK\$7.67 each, thereby fulfilling the minimum public float requirement of 25%.

The Group manages its financial risks including mainly interest rate exposure and foreign exchange risks. Interest rate swap contracts are used to hedge against the Group's exposures to changes in interest rates, while foreign exchange forward contracts are used to hedge against foreign currency exposures of the Group's businesses which involve foreign currencies. Cross currency swap contracts are entered into and more RMB borrowings are raised to manage the Group's cost of funding and the exposure to foreign exchange risk, stemmed mainly from RMB denominated assets. The Group's Financial Services segment enters into cross currency swaps and bond forward to hedge against its foreign currency risk and interest rate risk for bond investments respectively. The Group operates mainly in Hong Kong and the Mainland and did not have any material exposure to foreign exchange risk other than RMB and United States Dollar during the current year. Through a notable increase in RMB borrowings including Panda Bonds* issued, raising offshore and onshore RMB bank loans and entering into cross currency swap contracts, about 80% of the Group's RMB denominated assets are naturally hedged as at 30 June 2025.

* "Panda Bonds" refers to RMB-denominated bonds issued by offshore incorporated entities in the domestic bond market in the Mainland.



Liquidity and capital resources

As at 30 June 2025, the Group's total cash and bank balances amounted to HK\$20,210.7 million, compared with HK\$14,788.0 million as at 30 June 2024. Cash and bank balances as at 30 June 2025 were mainly denominated as to 20% in Hong Kong Dollar, 64% in United States Dollar and 15% in RMB. The Group's Net Debt as at 30 June 2025 was HK\$14,651.1 million, compared with HK\$15,107.4 million as at 30 June 2024. The slight decrease in Net Debt was mainly due to net operating cash inflow and proceeds from disposal of certain non-core investments, partly offset by the full redemption of the US\$268.2 million senior perpetual capital securities, certain acquisitions and expansion capital expenditures as well as payment of special dividend during the current year. The Group's Net Gearing Ratio increased from 35% as at 30 June 2024 to 37% as at 30 June 2025. Total unutilized committed banking facilities amounted to approximately HK\$9.6 billion as at 30 June 2025.

Debt profile and maturity

In order to manage the risk of any significant negative impact on the Group's equity resulting from potential fluctuation of RMB against the Hong Kong Dollar, the Group continues to adopt a debt structure characterized by high proportion of RMB borrowings which offers a natural hedge to its RMB denominated assets. As at 30 June 2025, RMB borrowings and Hong Kong Dollar borrowings accounted for 62% and 38% respectively of the Group's total debt (30 June 2024: 60% and 39%).

As at 30 June 2025, the Group's Total Debt increased to HK\$34,861.8 million from HK\$29,895.4 million as at 30 June 2024. The Group has managed to spread out its debt maturity profile to reduce refinancing risks. Amongst the Total Debt as at 30 June 2025, 2% will mature in the next 6-month, 25% will mature in the next 7 to 12-month, 27% will mature in the second year, 41% will mature in the third to fifth year and 5% will mature after the fifth year. The Group is in progress of refinancing and entering into new banking facilities of about HK\$9.0 billion with reputable international banks which are expected to be completed before December 2025, representing almost all of the Group's debt to be matured in the next 12 months.

As a result of the favourable movement in both Hong Kong Interbank Offered Rate in Hong Kong and Loan Prime Rate in the Mainland as well as the continued proactive management of our debt mix, the average borrowing cost of the Group's debt portfolio decreased to approximately 4.1% per annum, significantly lower than 4.7% in last year. As at 30 June 2025, the Group has provided pledges over the concession rights of operation of Changliu Expressway and Sui-Yue Expressway as securities for bank loans made to the subsidiary companies which own and operate the expressways. The Group has 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 has provided pledges over the investment properties which include a logistics centre in Suzhou as well as certain office units and carpark spaces in Hong Kong as securities for a bank loan of the Group. As at 30 June 2025, secured loans account for 11% (30 June 2024: 14%) of the Total Debt of the Group.



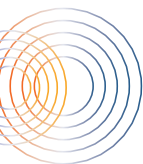
Commitments

The Group's total commitments for capital expenditures was HK\$5,912.0 million as at 30 June 2025, compared with HK\$5,259.4 million as at 30 June 2024. These comprised commitments for acquisition of 43.93% equity interest in uSMART of HK\$1,027.9 million, capital contributions to certain associated companies, joint ventures as well as investment funds, financial and other investments of HK\$4,662.9 million as well as additions of intangible assets and property, plant and equipment of HK\$221.2 million. Sources of funds for capital expenditures include internal resources of the Group and committed external financing from reputable international banks.

Financial guarantee

Financial guarantee of the Group were HK\$5,133.3 million as at 30 June 2025, compared with HK\$4,839.5 million as at 30 June 2024. 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 Aviation Capital Limited ("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 2025 and 30 June 2024.



Board of Directors



DR CHENG KAR SHUN, HENRY *GBM, GBS*
Chairman

Dr Cheng, aged 78, 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 and Chow Tai Fook Jewellery Group Limited, the Chairman and a non-executive director of FSE Lifestyle Services Limited and 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, CTFCL, 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

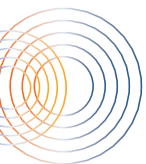
Mr Cheng, aged 42, joined the Company in January 2008 and was appointed as Executive Director in July 2009 and Co-Chief Executive Officer in January 2024. He is also a member of the Executive Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance 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 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.

**MR HO GILBERT CHI HANG***Executive Director and Group Co-Chief Executive Officer*

Mr Ho, aged 49, 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 was appointed as an Executive Director and a member of the Executive Committee of NWD on 29 November 2024, 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 Holdings Limited, 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 Hong Kong Logistics Development Council, 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 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*

Mr Lam, aged 55, 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 ("Group COFO"). 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, Institutional Investor's Best CFOs by Buy-side (Consumer Discretionary) and Best CFOs by Sell-side (Industrials), Finance Asia's Best CFO HKSAR, as well as Extel's Executive Team Survey — Best CFO.



Board of Directors



MR CHENG CHI LEONG, CHRISTOPHER
Executive Director

Mr Cheng, aged 36, was appointed as Executive Director on 1 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 and the co-chief executive officer of CTF Enterprises, a holding company and substantial shareholder of the Company. He is also a non-executive director of Giordano International Limited, a listed public company in Hong Kong (appointed on 3 April 2024). 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 had worked in the venture capital and hedge fund industry for a number of years and has in-depth experience in portfolio management of global equities with focus on Asian developed markets, management of various hedge funds, trade bookings and executions on a variety of products and has substantial experience in corporate finance. 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

Mr Doo, aged 51, 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.



MR LAM WAI HON, PATRICK

Alternate director to Mr William Junior Guilherme Doo

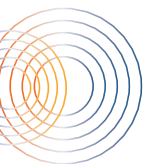
Mr Lam, aged 63, was appointed as Executive Director in January 2003 and was re-designated as Non-executive Director in January 2016, and retired on 25 November 2020. He was appointed as an alternate director to Mr William Junior Guilherme Doo, a Non-executive Director of the Company, on 25 November 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 a Chevalier of the Order of National Merit of France.



MR TSANG ON YIP, PATRICK *BBS*

Non-executive Director

Mr Tsang, aged 54, was appointed as a Non-executive Director in January 2024. Mr Tsang is a director and the co-chief executive officer of CTF Enterprises, a director of Century Acquisition Limited and a director of CTFH, each a holding company and substantial shareholder of the Company. He is also the Chairman and a non-executive director of Giordano International Limited, a Vice Chairman and an executive director of i-CABLE Communications Limited, an executive director of Melbourne Enterprises Limited and UMP Healthcare Holdings Limited, and a non-executive director of SJM Holdings Limited, all of which are listed public companies in Hong Kong. Mr Tsang was a non-executive director of Greenheart Group Limited and Integrated Waste Solutions Group Holdings Limited, all of which are listed public companies in Hong Kong, until his retirement from the office in May 2022 and August 2022 respectively. Mr Tsang is a director of Cheng Yu Tung Foundation Limited, the founder and a director of 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.



Board of Directors



MR SHEK LAI HIM, ABRAHAM *GBS, SBS, JP*
Independent Non-executive Director

Mr Shek, aged 80, 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 (appointed on 6 June 2025), a listed public company in Hong Kong. He is also an independent non-executive director of Alliance International Education Leasing Holdings Limited, China Resources Building Materials Technology Holdings Limited, 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, ITC Properties Group Limited (also acts as Joint Vice Chairman), 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 Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both of the trusts are listed on the Hong Kong Stock Exchange. Mr Shek is an independent non-executive director of Lifestyle International Holdings Limited (the company withdrew its listing on the Hong Kong Stock Exchange on 20 December 2022 due to privatization). He 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), a listed public company in Hong Kong. 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

Mr Lee, aged 81, 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.



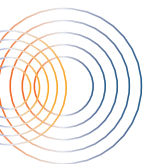
MRS OEI WAI CHI GRACE FUNG
Independent Non-executive Director

Mrs Oei, aged 72, 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

Mr Wong, aged 73, 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 Semiconductor Limited and China International Marine Containers (Group) Co., Ltd. (appointed on 15 May 2025), 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.



Board of Directors



PROFESSOR CHAN KA KEUNG, CEAJER *GBS, SBS, JP*
Independent Non-executive Director

Prof. K.C. Chan, aged 68, was appointed as Independent Non-executive Director on 1 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 is an independent non-executive director of Greater Bay Area Homeland Investments Limited. He was also the independent non-executive director of USPACE Technology Group Limited (resigned on 28 November 2023), whose shares are listed on the Hong Kong Stock Exchange.

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 a director of the One Country Two Systems Research Institute. 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, the Hang Seng Index Advisory Committee and the Hong Kong Council for Academic Accreditation.



MS NG YUEN TING, YOLANDA *MH*
Independent Non-executive Director

Ms Ng, aged 50, was appointed as Independent Non-executive Director on 1 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 ("WKCD"), the Hong Kong Palace Museum and the Hong Kong Resource Centre for Heritage and chairs the WKCD'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, Director of The Hong Kong Institute for Promotion of Chinese Culture, General Secretary of Cultural Power and a member of the Hong Kong Public Governance Association, Mega Arts and Cultural Events Committee and Commission on Children, and a committee member of ICH June. 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 councillor 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 and at present a programme host of Radio Television Hong Kong ("RTHK"). 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 RTHK 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.

Senior Management



Mr Cheng Chi Kwok

*Senior Director — Roads
CTF Services Limited*

Mr Cheng, aged 61, 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 Mainland.

Mr Tang Wai Yau

*Group General Counsel and Company Secretary
CTF Services Limited*

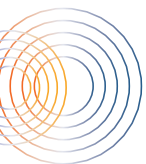
Mr Tang, aged 55, joined the Company in November 2018 as Head of Legal and is Group General Counsel and Company Secretary of the Company. He is a solicitor qualified to practise in Hong Kong and England and Wales. Prior to joining the Company, Mr Tang worked in international law firms, corporates and 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 68, 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.



Senior Management

Ms Lee Yuk Har, Monica *MH*

Managing Director

Hong Kong Convention and Exhibition Centre (Management) Limited

Ms Lee, aged 60, 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 853 member organizations in 86 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 2022-2026. 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 2023-2025 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 61, 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 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 54, 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 Mainland. Mr Chan holds a Bachelor degree of Commerce, majoring in accountancy, from the University of Wollongong in Australia. He is also a member of the HKICPA and CPA Australia.

Mr Tsui Chi Kin, Ellick

Executive Director, Deputy Chief Executive Officer and Chief Financial Officer

Chow Tai Fook Life Insurance Company Limited

Mr Tsui, aged 62, 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 30 years of experience in the insurance industry and has worked in various areas from regional business development covering China, India, Indonesia and the Philippines, to marketing and branding, product development, pricing, investment, ALM, valuation, capital management and risk. He held senior management positions having worked 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.

He is the Chairman of the Governing Committee and Councillor of Life Insurance Council of The Hong Kong Federation of Insurers (HKFI). 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 and General Committee Member of Insurance Complaints Bureau (ICB). He is also a member of Life Committee of Actuarial Society of Hong Kong (ASHK) and 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.

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 FY2025, the Company has complied with all the applicable code provisions under the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 of the Listing Rules which reflects that the Company has committed to applying the principles of good corporate governance (the “Principles”). 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.

KEY DEVELOPMENTS DURING THE YEAR

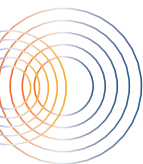
1. Change of Company Name

- As disclosed in the announcement dated 23 November 2023 jointly issued by CTF Enterprises, Century Acquisition Limited and the Company, CTF Enterprises has replaced NWD as the holding company of the Company. The Board has therefore proposed to change the name of the Company (the “Change of Company Name”) to better reflect the current shareholding status of the Company as well as its business development and its direction of future development, including but not limited to leveraging on the synergy within the Chow Tai Fook group. The Board believed that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company’s business development and is in the best interests of the Company and the Shareholders as a whole.
- Subsequent to the approval of the Change of Company Name by shareholders at the 2024 annual general meeting of the Company, the name of the Company has been changed from “NWS Holdings Limited” to “CTF Services Limited” and “周大福創建有限公司” has been adopted as the name in Chinese (being the secondary name), both with effect from 22 November 2024. The Chinese name “新創建集團有限公司”, which has previously been adopted for identification purpose only, has ceased to be used as the Chinese name of the Company.

2. Enhance Diversity in the Composition of the Nomination Committee

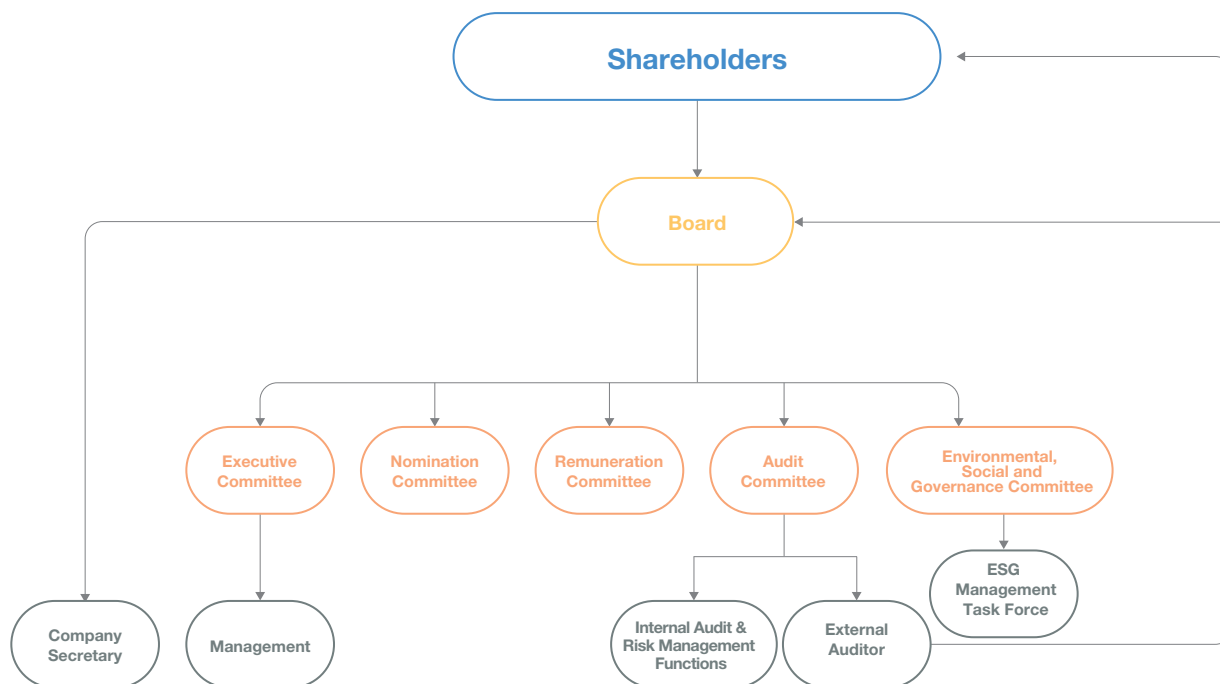
- In order to promote greater diversity in the boardroom and for compliance with the new requirement in the CG Code to appoint at least one director of a different gender to the nomination committee, Mrs Oei Wai Chi Grace Fung has been appointed as a member of the Nomination Committee with effect from 11 June 2025.





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 backboneed 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 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	
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 Shareholders' Communication Policy - o Code of Conduct Policy - o Code of Ethics Policy - o Equal Opportunity Policy - o Workforce Diversity Policy - o Dividend Policy	



LEADERSHIP

Board Governance

Major Roles and Responsibilities of the Board

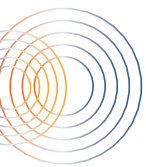
- For the purpose of enabling long term success of the Group and enhancing shareholder value, the Board develops the culture, sets the overall strategy and directs the affairs of the Group, as well as supervises management and ensures good corporate governance policies and practices are implemented within 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.
- The Board is responsible for performing the corporate governance duties. Specific terms of reference are set out in the Corporate Governance Manual of the Company and the relevant duties include:
 - (a) to develop and review the Company's policies and practices on corporate governance;
 - (b) to review and monitor the training and continuous professional development of directors and senior management;
 - (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
 - (e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

Delegation by the Board

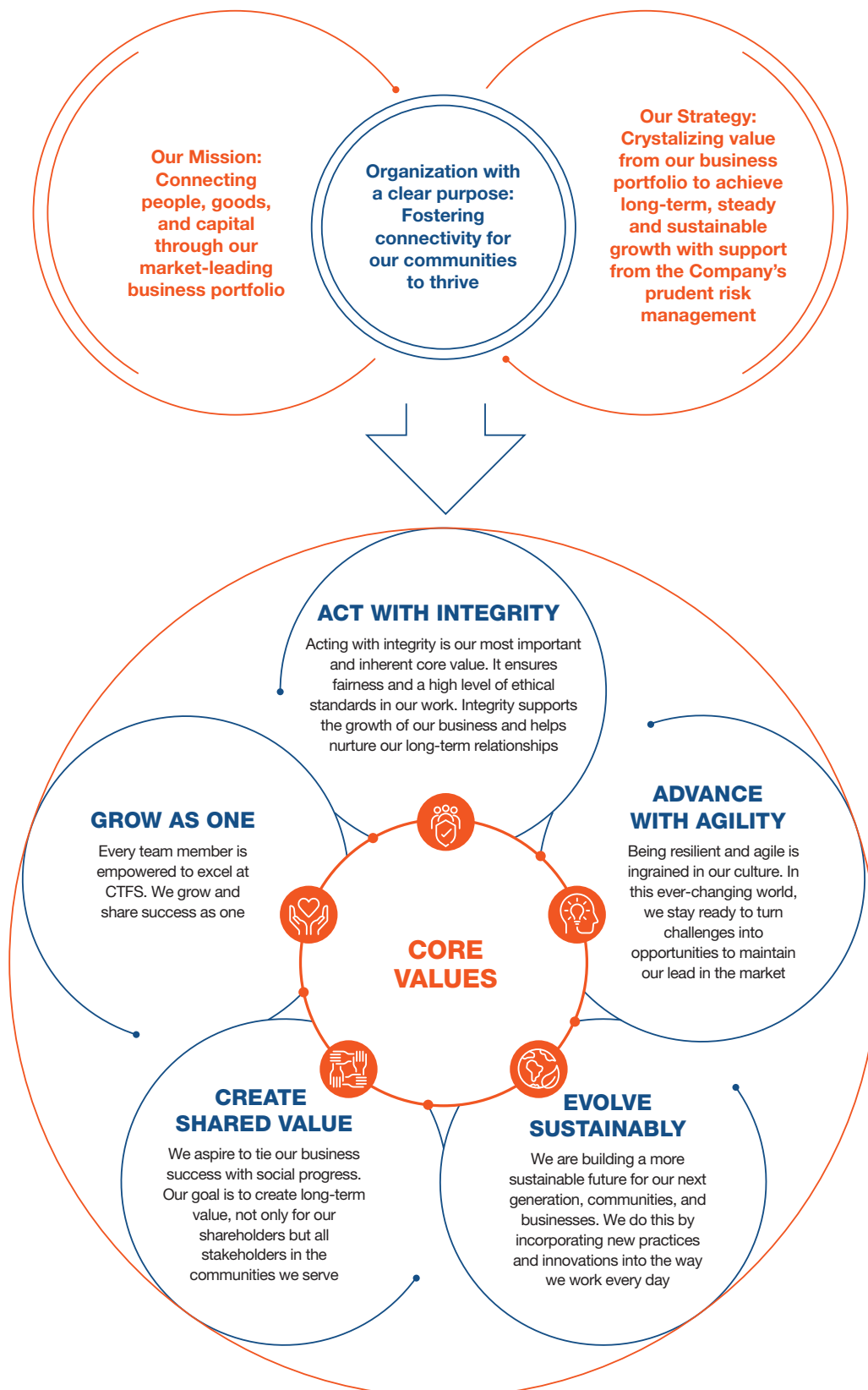
- Day-to-day operation of the businesses of the Company is delegated to the management which is led by the Executive Committee. The management is closely monitored by the Board and is accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board.
- The Board carries out certain of its oversight responsibilities through its committees, allowing more in depth attention devoted to overseeing key issues.

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

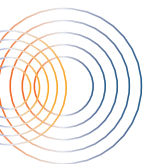
The Company is committed to upholding the highest standards of integrity. Our core value of acting with integrity guides the decisions, actions and behaviours throughout the organization and lays down the foundation for the way in which we conduct our business. Directors, management and other employees 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 Policy” and “Employee Grievance Policy” in the “Employee Handbook”, “Anti-Fraud and Counter-Corruption Policy”, “Conflict of Interest Policy” and “Whistleblowing Policy”. During FY2025, 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 programs and measures to fostering 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 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 leverage on opportunities arising therefrom. For the purpose of updating our directors on the opportunities and challenges of our business segments, business briefing sessions 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 2025” 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 (<i>alternate director to Mr William Junior Guilherme Doo: Mr Lam Wai Hon, Patrick</i>) - 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

- Their biographical details (including their relationships (if any)) are set out in the “Board of Directors and Senior Management” section of this annual report and available on the Company’s website.
- 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



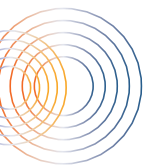
Non-Executive Directors

- 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



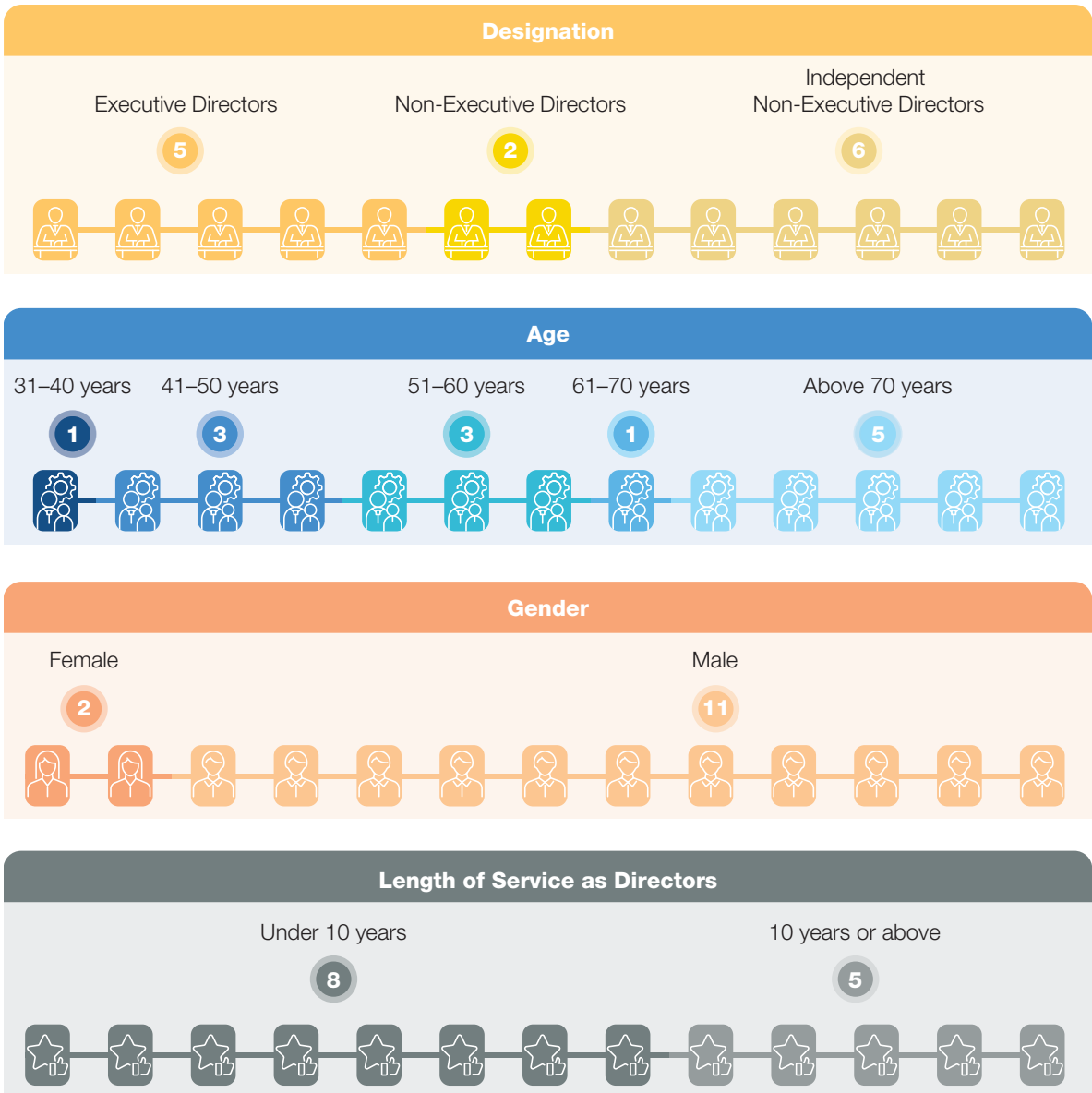
Diversity

Board Nomination and Diversity

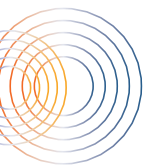
- The Board adopted the “Board Diversity Policy” in June 2013 which was revised and updated in September 2022, setting out the approach to achieve diversity on the Board, and drawing on a broad spectrum of directors’ background in a bid to achieve comprehensive considerations in forming board decisions 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. Accordingly, it was concluded that the policy has been effectively implemented.
- All Board appointments are made on merit, in the context of the requisite skills and relevant experience for the Board to oversee our strategic development and reflect the nature of our business.
- The Nomination Committee has taken into consideration the skills, expertise and experience of Mrs Oei Wai Chi Grace Fung, who was appointed a member of the Nomination Committee during FY2025, when determining her eligibility as a member of the Nomination Committee.



- 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 or replacement appointment of Board members, we might seek appropriate candidates to enhance gender diversity of our Board. Following the change of board composition during FY2025, the proportion of female representation at board level has been increased from 14% to 15%. We are committed to maintaining board representation by director(s) of each gender to be no less than 10%.



Corporate Governance Report

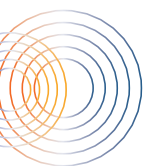
Board Expertise

- Our directors bring varying perspectives to the Board based on their distinct backgrounds and experience. The table below highlights the attributes of our directors, whose capability aligns with the scale, complexity and strategic positioning of our business:

Expertise	Relevance to the Company	No. of Directors
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.	13
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.	13
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.	9
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.	13
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.	13
Experience in leading large and complex organizations	Provides valuable insight on challenges and opportunities conglomerates encounter in diverse business environment and market conditions, and management of change.	13
Considerable risk management experience	The Board plays a pivotal role in risk oversight and managing most significant risks facing the Company.	4
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.	7
Professional i. Investment banking, commercial banking and investments ii. Accounting and finance iii. Legal and listed company governance iv. Academia	The complex and diverse nature of our business necessitates valuable input from professionals with oversight, advisory and operational experience.	i. 7 ii. 4 iii. 3 iv. 1

**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.
- 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 partnering with employment agencies to increase appropriate candidate pipeline and talent pool.
- We are committed to work towards a 50:50 gender balance and aims at ensuring over-representation of one gender to another gender in our workforce by no more than 20% across the entire business, with the exception of the construction segment for which gender diversity may be less relevant due to nature of work.
- When considering new or replacement appointment of senior management, we might seek appropriate candidates to enhance gender diversity and will strive to maintain at least one 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 2025, 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.



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 meeting held during FY2025 is listed as follows:

Name of director	Meetings attended/held					
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Environmental, Social and Governance Committee meeting	General meeting
<i>Executive directors:</i>						
Dr Cheng Kar Shun, Henry (Chairman of the Board)	5/6	–	–	–	–	1/1
Mr Cheng Chi Ming, Brian	6/6	2/2 ⁽¹⁾	1/1	1/1	2/2	1/1
Mr Ho Gilbert Chi Hang	6/6	2/2 ⁽¹⁾	1/1	1/1	2/2	1/1
Mr Lam Jim	6/6	2/2 ⁽¹⁾	–	–	2/2	1/1
Mr Cheng Chi Leong, Christopher	5/6	–	–	–	–	1/1
<i>Non-executive directors:</i>						
Dr Cheng Chi Kong, Adrian ⁽²⁾	2/2	–	–	–	–	–
Mr William Junior Guilherme Doo	5/6	–	–	–	–	1/1
Mr Tsang On Yip, Patrick	6/6	–	–	–	–	1/1
<i>Independent non-executive directors:</i>						
Mr Shek Lai Him, Abraham	6/6	2/2	1/1	1/1	–	1/1
Mr Lee Yiu Kwong, Alan	6/6	2/2	1/1	1/1	2/2	1/1
Mrs Oei Wai Chi Grace Fung ⁽³⁾	6/6	–	–	–	2/2	0/1
Mr Wong Kwai Huen, Albert	6/6	–	–	–	2/2	1/1
Professor Chan Ka Keung, Ceajer	6/6	2/2	1/1	1/1	–	1/1
Ms Ng Yuen Ting, Yolanda	6/6	–	–	–	2/2	1/1

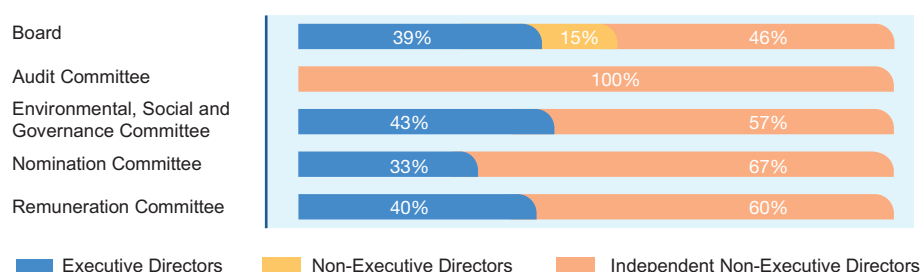
Notes:

1. Attended the meeting as an invitee.
2. Dr Cheng Chi Kong, Adrian has resigned as a non-executive director of the Company with effect from 26 September 2024.
3. Mrs Oei Wai Chi Grace Fung has been appointed as a member of the Nomination Committee with effect from 11 June 2025.



Board Independence

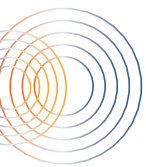
- As at 30 June 2025, 6 out of the 13 directors of the Company are independent non-executive directors, which has exceeded the requirements under Rules 3.10(1) and 3.10A of the Listing Rules for the Board to have at least one-third (and not less than three) directors being independent non-executive directors. 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.
- All the Board committees (except for the Executive Committee which comprises all Executive Directors) comprise a majority of independent non-executive directors and are chaired by an independent non-executive director.



- 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 all the factors as stipulated in Rule 3.13 of the Listing Rules, there exists no circumstance which can adversely impact their independence. Given their extensive business experience, the Board is of the opinion that they can continue to bring independent and objective perspectives to the Company's affairs.

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 factors as stipulated in Rule 3.13 of the Listing Rules, the Company 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 conflicts 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 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 reviews the time each director dedicates to the Company and is satisfied that their other commitments do not overshadow with those as directors of the Company.
- 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 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 emoluments paid to each director for FY2025 are shown in note 15 to the financial statements contained in this annual report.



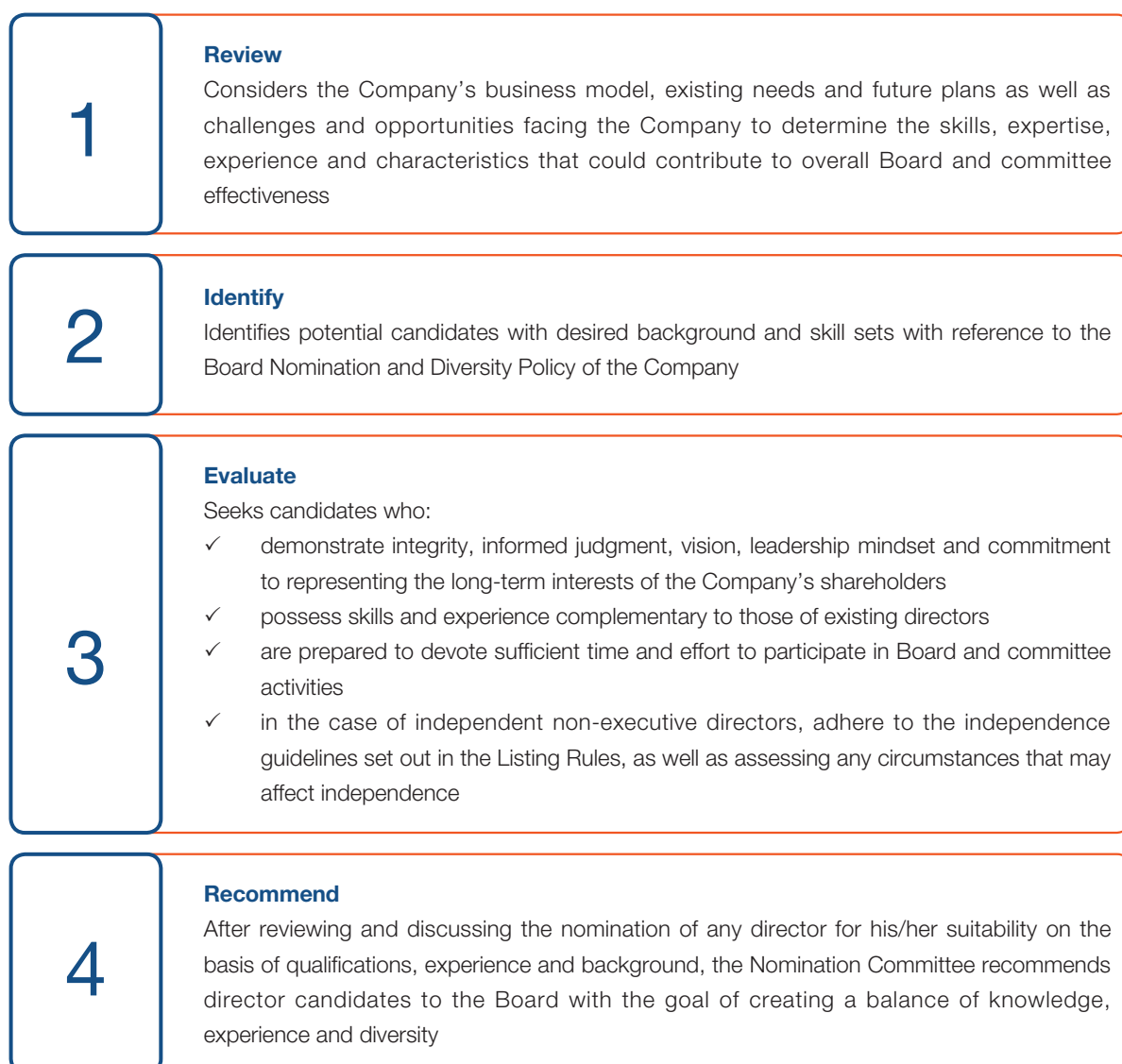
Board Refreshment

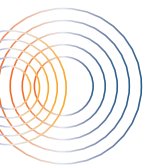
- The Company strives for a Board that spans a range of leadership, skills and experience relevant to our strategic vision, paying attention to the Company's circumstances, near and long-term strategic goals and aspirations, changes in industry and regulatory initiatives, global political, economic and 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. Nomination Committee's process for identifying and recommending candidates are as follows:





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 non-executive directors are appointed under 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.
 - o 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.
 - o 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.

Mr Cheng Chi Ming, Brian, Mr Ho Gilbert Chi Hang, Mr Shek Lai Him, Abraham, Mr Wong Kwai Huen, Albert and Ms Ng Yuen Ting, Yolanda will retire by rotation at the forthcoming annual general meeting of the Company ("2025 AGM"). Each of the aforementioned directors, being eligible, will offer for re-election at the 2025 AGM.

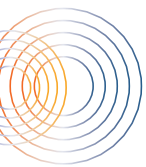


EFFECTIVENESS

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. Six Board meetings were held during FY2025.
- 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 FY2025, 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 FY2025.



Securities Transactions of Directors and Relevant Employees

- The Company has adopted the Model Code as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors of the Company and it was established that they had all complied with the required standard of the Model Code during FY2025.
- The Company has also adopted the “Code for Securities Transactions by Relevant Employees”, which is no less exacting than the Model Code, for governing the securities transactions of specified employees (“Relevant Employees”) who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the “Code for Securities Transactions by Relevant Employees” during FY2025.
- 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 Model 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 FY2025:



Strategy

- Change of name of the Company to reflect the current shareholding status of the Company as well as its business development and direction of future development
- 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
- Market trend and industry dynamics
- In pursuit of the strategy for the development of the Financial Services segment, approving the acquisition of uSMART, a leading technology company specializing in providing professional one-stop financial and wealth management services and solutions
- Liquidity position and re-financing plans
- Issuance of convertible bonds with an aim to restore the minimum public float



Business and Financial Performance

- FY2024 preliminary results and annual report
- FY2025 interim and quarterly results
- Review of business operations and their challenges and opportunities
- Declaration or recommendation of dividend, including special dividend
- Monthly management updates



Leadership

- Appointment of member of Nomination Committee
- Designation or re-designation of senior management including the Group COFO, Deputy CEO and CFO of CTF Life and President of CTF Logistics Holdings Limited
- Chairman's annual meeting with independent non-executive directors
- Revision of Board Nomination and Diversity Policy



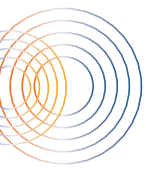
Governance

- FY2024 ESG report
- Revision of terms of reference of Nomination Committee to incorporate additional duties pursuant to the revised CG Code
- Revision of terms of reference and policies to reflect the change of company name
- Grant of share options
- Adoption of Workforce Diversity Policy



Risk

- Review of risk management and internal control systems
- Revision of policies and procedure regarding 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 FY2024

To address areas highlighted by the Board evaluation for FY2024, the following steps have been taken:

Key recommendations	Actions taken
1. Further streamlining the size of the Board for more efficient decision-making	During FY2024, the size of the Board is reduced from 14 to 13 directors.
2. Continued focus on driving diversity of the Board	Mrs Oei Wai Chi Grace Fung has been appointed as a member of the Nomination Committee with effect from 11 June 2025, contributing to the development of a more diverse Nomination Committee. Following the change of board composition during FY2025, the proportion of female representation at board level has been increased from 14% to 15%.
3. Regular refinement of strategic decision-making process	To more effectively discharge its role in the oversight of strategic issues, the Board has more frequent dialogue in this respect throughout FY2025. A regular agenda item dedicated to discussion of strategic issues has been added to the Board agenda. At Board meetings held during FY2025, additional time was invested in active and comprehensive deliberations and reflections about critical areas of performance, the strategic roadmap and priorities, challenges and risks.
4. Additional opportunities to increase informal engagement between the Board and management	The Company has arranged business briefing sessions with the Directors on various business segments of the Company as a two-way communication between the Directors and management and facilitated active participation of the Directors. Informal Board gatherings have also been arranged for fostering openness and strengthening relationships among members, enhancing the overall quality of Board discussions .

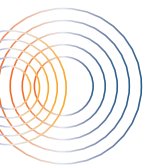


Board Evaluation for FY2025

- An internal board evaluation exercise was conducted for FY2025 to solicit directors' view on the effectiveness and performance of the Board, with focus on, inter alia, the following areas:
 - o Board performance in core areas
 - o Board priorities in the next 1 to 2 years
 - o Quality of board effectiveness enablers (including board composition, meetings, provision of information)
- The evaluation was conducted via circulation of self-assessment questionnaire by directors, which was organized by key thematic areas that underpin good governance and designed to provoke critical self-evaluation and reflection on areas for further consideration.
- The responses received were then analysed and a report summarizing the findings was compiled. The results were then considered by the Nomination Committee and the Board.

Summary of Findings

- The Company operates a robust and effective governance framework, supported by a Board composed of skilled and dedicated members who are aligned on strategic priorities and well attuned to risks and emerging challenges.
- Overall, the Board maintains a high standard of governance, functioning cohesively with unwavering commitment from all directors. Feedbacks consistently reflect robust confidence in the Board's leadership, underscoring its ability to provide strategic direction and oversight. Directors demonstrate a thorough grasp of their duties and maintain a clear line of sight into key performance areas.
- The Board fosters strong dynamics and maintains effective engagement with management. Discussions are characterized by openness, constructive dialogue and a willingness to address complex challenges candidly. This culture of transparency not only enhances decision-making but also encourages diverse perspectives, contributing to a more resilient and forward-thinking governance approach.
- Directors are appreciative of the collaborative vibe among Board members, which is underpinned by their diverse professional background, networks and resources, facilitating constructive discussions in Board and committee meetings.
- Directors' comments affirm the view that business briefing sessions offer valuable opportunities for meaningful director-management interactions.
- There was a clear consensus that the Board discharges its responsibilities effectively in risk oversight.



- Building on actions taken in response to the board evaluation for FY2024 and the findings from the FY2025 review, we will focus on the following key priorities to enhance Board effectiveness:

Focus area	Refinement measures
1. Roles of the Board/Board Committees and Director Duties • Enhance the Board's sensitivity and responsiveness to economic fluctuations	➤ To arrange seminar(s) on macroeconomic trend to facilitate strategy discussions during Board meeting ➤ To facilitate discussion in the business briefing session(s) of the impact of economic fluctuation on particular business segments
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	➤ To arrange informal gathering(s) and site visit(s) ➤ To provide updates during business briefing session(s)
3. Performance Monitoring • Suggest to consider incorporation of best practices in data privacy, cybersecurity, risk management and the evolving regulatory landscape • Keep the Board abreast of sustainability reporting requirements	➤ To formulate the implementation plan for best practices in data privacy, cybersecurity, risk management and new regulatory requirements ➤ To arrange briefing session(s) on sustainability reporting requirements from time to time
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	➤ Nomination Committee and the Board will take into consideration these matters when appointing new or replacement member of the Board
5. Strategic decision-making process • Enhance strategy discussion including the challenges faced by particular business segments and financial challenges during the prolonged economic downturn	➤ Board members could initiate such deliberations during strategy discussion section in Board meetings ➤ To include risk factors and mitigation part in Board meeting materials



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 FY2025 in a manner that best fit their own circumstances:

Roles, functions and responsibilities of the board, committees and directors and board effectiveness	- Circulation of guidance materials from regulatory authorities, including guide on directors' roles and responsibilities and roles of audit committee - Sharing of enforcement cases on issues such as board's responsibility for proper financial and internal control oversight
Listed issuers' obligations and directors' duties	- Sharing of enforcement cases or newsletters from regulatory authorities on issues such as insider dealing, conflicts of interest, directors' duty when considering valuations and major risks involved in transactions and inside information disclosure - Regular circulation of updates on latest legal and regulatory developments, including treasury share regime, uncertificated securities market regime, re-domiciliation regime and paperless reform
Corporate governance and ESG matters	- Organisation of Evolve Conference — business units and corporate functions came together and collaborated for ESG real-world insights - Briefing by external ESG consultant on new climate-related disclosure requirements under the ESG Reporting Code - Regular circulation of updates on latest legal and regulatory developments, including new requirements on CG code and relevant listing rules and climate-related disclosures
Risk management and internal controls	- Seminar on anti-corruption training hosted by external legal professional - Organisation of Business Continuity Management training - Regular circulation of updates on latest legal and regulatory developments, including data security
Industry developments, business trends and strategies	- Business briefing sessions on logistics segment, HKCEC and insurance businesses — two-way communication between directors and management and facilitated active participation of directors - Mini Fireside Chat on the businesses of KTSP

- All directors have participated in continuous professional development during FY2025. In accordance with the training records provided by the Company's directors, an average of approximately 31.8 training hours were undertaken by each director (not including time spent for reviewing information relevant to the Company or its businesses or attending corporate events of the Group) during FY2025. Details of training received by the directors during FY2025 are set out below:

Name of Director	Roles, functions and responsibilities of the board, committees, directors and board effectiveness	Listed issuers' obligations and directors' duties	Corporate governance and ESG matters	Risk management and internal controls	Industry developments, business trends and strategies	Total no. of hours
<i>Executive directors:</i>						
Dr Cheng Kar Shun, Henry	2.5	4.3	5.0	2.7	1.5	16
Mr Cheng Chi Ming, Brian	2.5	4.3	5.0 1.5	2.7	4.5	20.5
Mr Ho Gilbert Chi Hang	2.5 3.0	7.8 9.0	5.5 3.5 3.5	2.7 1.5	3.0 5.25 3.5	50.75
Mr Lam Jim	2.5 3.0	4.3	5.0 1.5 3.0	2.7 1.0	4.5	27.5
Mr Cheng Chi Leong, Christopher	2.5	4.3	5.0	2.7	3.0	17.5
<i>Non-executive directors:</i>						
Dr Cheng Chi Kong, Adrian ^(Note 1)	3.0					3
Mr William Junior Guilherme Doo	2.5 13	4.3 7.5	5.0 10.0	2.7 8.0	4.5 18.0	75.5
Mr Lam Wai Hon, Patrick (alternate director to Mr William Junior Guilherme Doo)	1.0	18.0 9.0	7.0	1.0	4.0	40
Mr Tsang On Yip, Patrick	2.5	4.3	5.0 1.5	2.7	2.5	18.5
<i>Independent non-executive directors:</i>						
Mr Shek Lai Him, Abraham	7.5	14.8 1.75	18.5 4.0 3.0	4.7 2.75	4.5	61.5
Mr Lee Yiu Kwong, Alan	2.5	4.3	5.0 1.5 3.0	2.7	4.5	23.5
Mrs Oei Wai Chi Grace Fung	2.5	4.3	5.0 1.5 3.0	2.7	4.5	23.5
Mr Wong Kwai Huen, Albert	2.5	4.3	5.0 1.5 3.0	2.7	4.5	23.5
Professor Chan Ka Keung, Ceajer	2.5	4.3	5.0 1.5 3.0	2.7	4.5	23.5
Ms Ng Yuen Ting, Yolanda	2.5	4.3	5.0 1.5 3.0	2.7	4.5	23.5

Notes:

- Dr Cheng Chi Kong, Adrian resigned as a non-executive director of the Company on 26 September 2024
-  Internal training via business briefing by management. Please refer to the table on page 67 for the description of the training provided by the Company.
-  External training by consultants or legal professionals. Please refer to the table on page 67 for the description of the training provided by the Company.
-  Self-study via reading of guidance materials, newsletters, consultation papers, regulators' reports and press releases. Please refer to the table on page 67 for the description of the training materials provided by the Company.

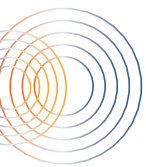


Director Induction

- 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.

Company Secretary

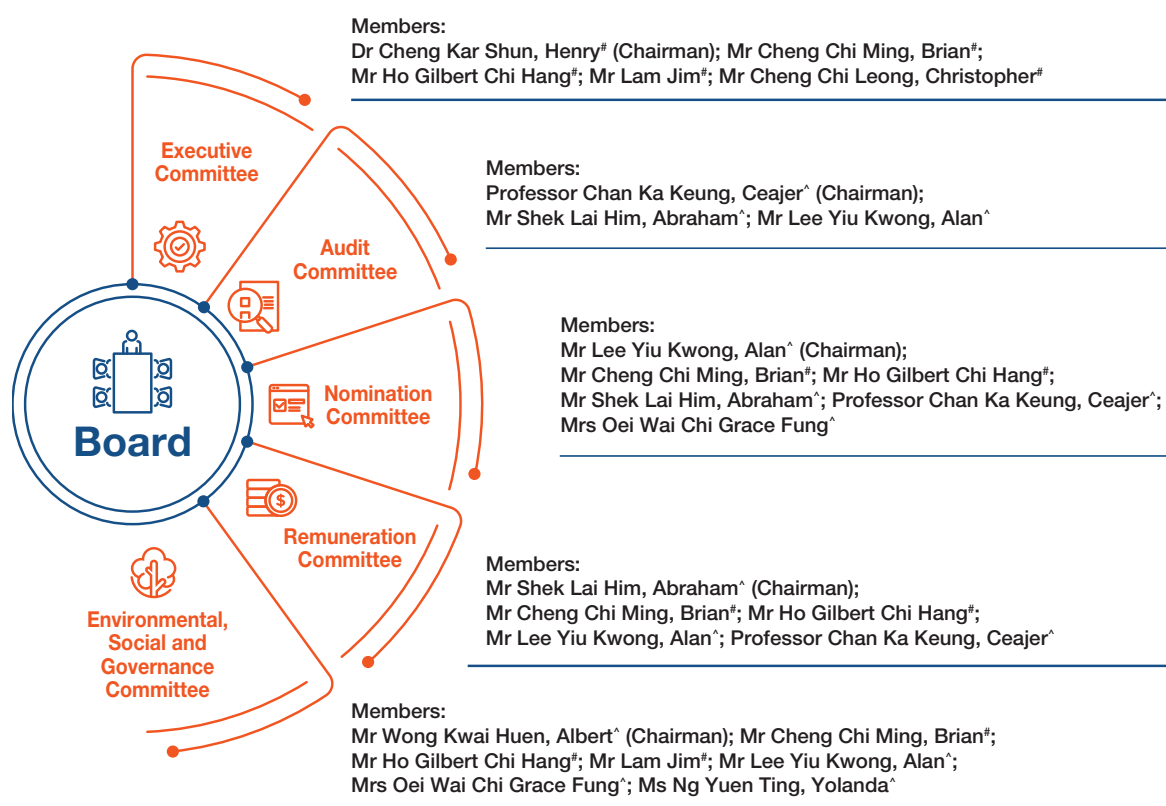
- As an employee of the Group, the Company Secretary reports to the Co-Chief Executive Officers and the Board. He is responsible for providing advice on compliance and corporate governance matters and ensuring the effective conduct of meetings and proper procedures are followed.
- The Company Secretary has undertaken not less than 15 hours of professional training during FY2025 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 56 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

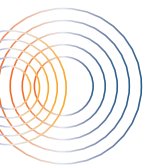
- two meetings were held during FY2025
- a private meeting with the Company's external auditor was held during FY2025 in the absence of the Company's management

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 for FY2025

- reviewing and making recommendations to the Board on the revision to the terms of reference of the Audit Committee to reflect the change of company name
- reviewing the audited consolidated financial statements of the Group for FY2024 and the interim results of the Group for the six months ended 31 December 2024
- reviewing the continuing connected transactions of the Company during FY2024 and during the six months ended 31 December 2024
- reviewing the risk management and internal control systems and internal audit function of the Company
- reviewing and approving the revised "Internal Audit Policy", "terms of reference for ERM Steering Group" and "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", "Enterprise Risk Management Policy" and "Enterprise Risk Management Procedure" of the Company to reflect the change of company name



Corporate Governance Report

- reviewing the internal audit plan of the Group for FY2026 and the internal audit reports for FY2025 prepared by the Group Audit & Risk Assurance Department of the Company (“GARA”)
- reviewing the effectiveness of the Company’s internal audit function
- reviewing the audit plans from external auditor and its remuneration
- 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 FY2025

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
- to identify qualified individuals and to make recommendations to the Board on the appointment or re-appointment of directors

Work performed for FY2025

- reviewing and making recommendations to the Board on the revision to the terms of reference of the Nomination Committee to reflect the change of company name and additional duties pursuant to the revised CG Code
- reviewing the structure, size and composition of the Board
- reviewing the implementation and effectiveness of the “Board Diversity Policy” and making recommendations to the Board to revise and retitle the “Board Diversity Policy” to “Board Nomination and Diversity Policy”
- reviewing the results of the board evaluation exercise
- reviewing the independence of independent non-executive directors
- identifying and evaluating director candidates based on skills, expertise, experience, race, gender and characteristics guided by the overall needs of the Company
- making recommendations to the Board in relation to the re-appointment of the retiring directors
- making recommendation to the Board in relation to the appointment of an additional member of the Nomination Committee
- reviewing the key amendments to the CG Code and related Listing Rules
- 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



Remuneration Committee

Meeting schedule

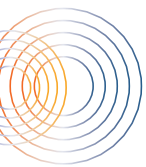
- one meeting was held during FY2025

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 for FY2025

- reviewing and making recommendations to the Board on the revision to the terms of reference of the Remuneration Committee to reflect the change of company name
- reviewing the remuneration policy, structure and packages for directors and senior management
- approving the change of secretary of the Remuneration Committee
- approving the terms of executive directors' service contracts
- making recommendations to the Board regarding the directors' fee and other allowances for FY2025 and the remuneration packages of directors
- determining the remuneration packages of senior management
- approving or making recommendation to the Board the grant of share options of the Company to directors and senior management in January 2025, 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 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 FY2025

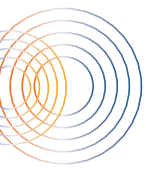
Major roles and functions

- to develop, review, formulate and endorse ESG standards, priorities 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 the ESG-related training, education, and awareness programmes for employees, management and the Board
- 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 for FY2025**

- reviewing and making recommendations to the Board on the revision to the terms of reference of the Environmental, Social and Governance Committee to reflect the change of company name
- 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 funding status of CTF Services Charity Foundation (formerly known as NWS Holdings Charities Foundation) and performance and developments on volunteering, charity and partnership with communities
- reviewing and making recommendation to the Board on the adoption of the "Workforce Diversity Policy"
- 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 and key amendments to the CG Code and related Listing Rules
- approving the change of the chairman of the ESG Management Task Force
- reviewing the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board
- reviewing the directors' training
- reviewing the implementation and effectiveness of the Shareholders' Communication Policy
- approving or making recommendations to the Board on the revision to ESG-related policies and code

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.

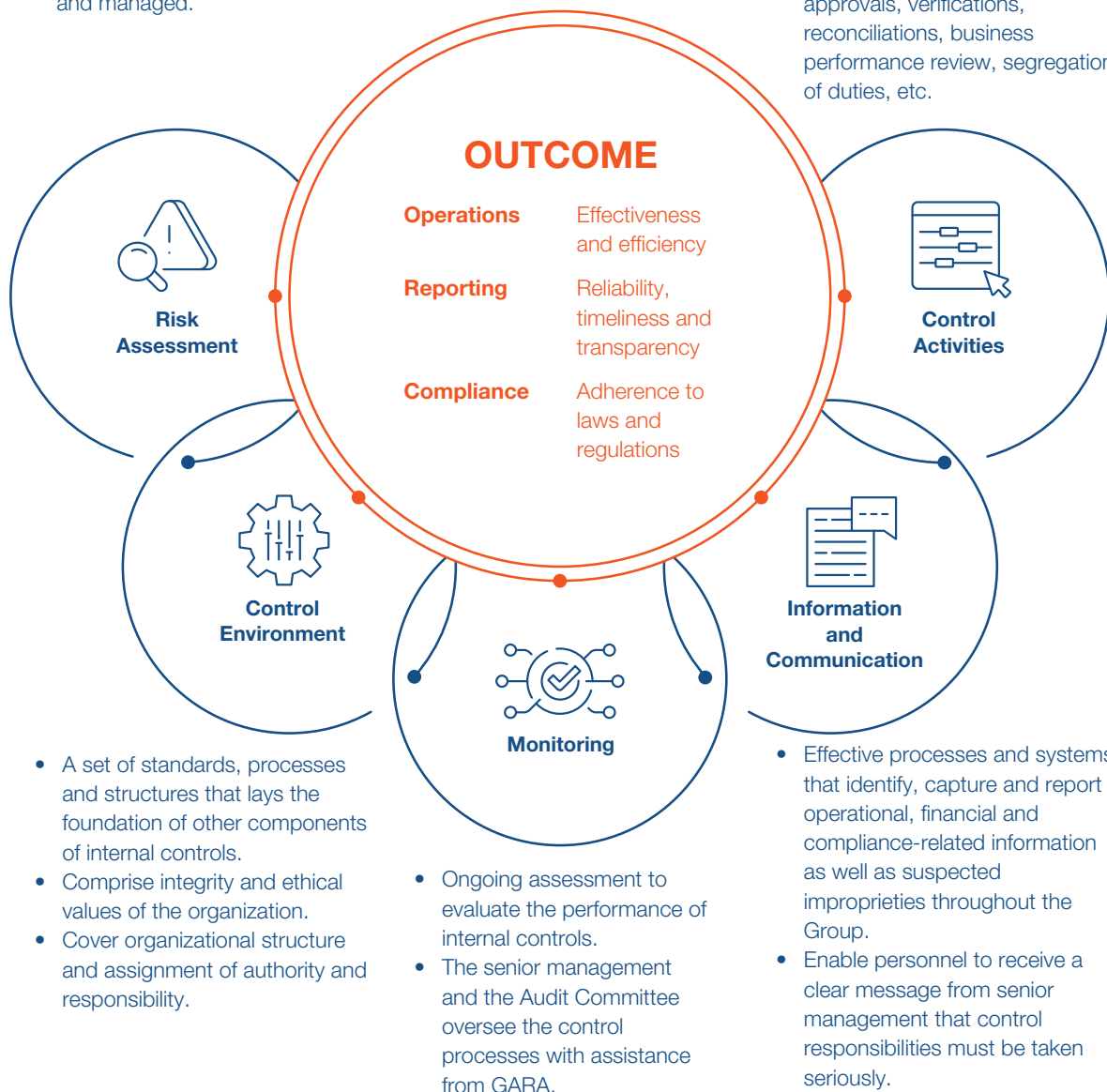


Risk Management and Internal Control

- 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:

- Involve a dynamic and iterative process for identifying and assessing risks to the achievement of objectives.
- Form the basis for determining how risks should be mitigated and managed.

- A diverse range of policies and procedures that help ensure the management directives to mitigate risks are carried out.
- Preventive or detective in nature, involving authorizations and approvals, verifications, reconciliations, business performance review, segregation of duties, etc.





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.
- The Governance Policy on Risk Management & Internal Control Systems and ERM Policy have been reviewed and revised in February 2025, followed by a revision of the ERM Procedure in September 2025.

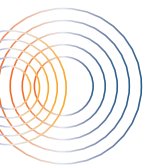
Internal Audit

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. Both were revised in accordance with the latest Global Internal Audit Standards issued by the Institute of Internal Auditors, and then approved by the Audit Committee in February 2025.
- The internal audit function is carried out by GARA, which serves as the third line that is independent of management, and directly reports to the Audit Committee. The primary role of GARA is to provide independent assurance on the effectiveness of our risk management and internal control systems. In addition, GARA 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. GARA also facilitates continuous improvement through the application and sharing of expertise and insights across the Group.
- The audit charter granted GARA unrestricted access to all records, information, assets, personnel and physical properties of the Group in carrying out its duties.

Assurance and Consulting Services

- GARA 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.
- GARA 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. The core businesses are audited at least once every year and the other major businesses 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. GARA 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, GARA has expanded its consultancy portfolio by offering after-audit services, which the Group Audit 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 GARA 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 GARA on the internal audit results from the business units with in-house internal audit teams or external consultants.
- When applicable, GARA 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 FY2025 audit plan was completed and the FY2026 annual audit plan has been approved by the Audit Committee.

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.

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 GARA 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 GARA will report the results of investigations to the Audit Committee and the Executive Committee.
- In FY2025, two whistleblowing cases were reported to GARA and all the investigations were completed and considered to be resolved or unsubstantiated.

**Anti-Fraud and Counter-Corruption Policy**

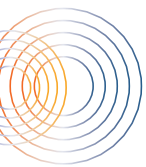
- The Company promotes and supports anti-corruption laws and regulations by implementing “Anti-Fraud and Counter-Corruption Policy” and corporate governance. Operating in conjunction with other relevant corporate policies of the Company including “Whistleblowing Policy”, “Governance Policy on Risk Management & 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 2025, and with the relevant training materials updated.
- Together with the ERM framework, both policies are incorporated in the group orientation program for new joiners. New joiners within the Group were required to attend the in-person briefing session, which the “Anti-Fraud and Counter-Corruption Policy” and “Whistleblowing Policy” session would be covered by GARA. For new joiners at CTFS Corporate Office, they were required to further complete the training videos.

Environmental, Social and Governance Policy

- The policy outlines the Company’s commitment to integrating ESG principles into every aspects of the business — spanning from strategic planning, operations and community investment — in alignment with our five core values: “Act with integrity”, “Advance with Agility”, “Evolve Sustainably”, “Grow as One”, and “Create Shared Value”. Underpinning our Breakthrough 2050 framework, this includes minimizing environmental impacts, promoting sustainable living, ensuring product responsibility, enhancing community well-being, maintaining a safe workplace, influencing ESG practices across the value chain, and strengthening governance through transparent monitoring and reporting.

Code of Conduct Policy/Code of Ethics Policy/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 Policy” 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 under periodic review by the Executive Committee, Board and the relevant board committees. 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, GARA conducts a review on the compliance of the policy and reports the results to the Audit Committee annually.

Group Business Continuity Management Policy

- The “Group Business Continuity Management Policy”, first established in October 2024, provides a formalized and structured framework for the Group 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 has reviewed the effectiveness of the risk management and internal control systems (including ESG risks and climate-related risks) of the Group in FY2025 on a semi-annual basis. With the assistance from the Audit Committee and the Environmental, Social and Governance Committee, the Board evaluated the effectiveness of the Group’s risk management and internal control systems through communication with management, GARA and external auditors as well as review of their reporting. Details of factors considered in the review are described in the Risk Management Report of this annual report. There was no significant issue identified that might have material impact on the Group for FY2025. Management 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 period. However, these systems are designed to manage rather than eliminate the risks, and they could only provide reasonable assurance but not absolute assurance against such risks.

Directors’ Responsibilities for Financial Reporting and Disclosures

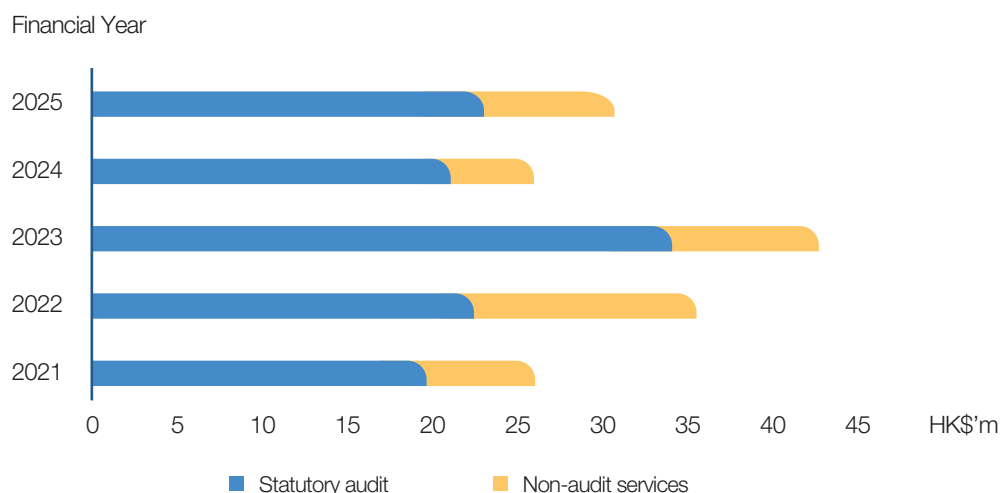
- The Company’s directors acknowledge their responsibilities to prepare accounts for each half and full financial year which give a true and fair view of the state of affairs of the Group. The directors consider that in preparing financial statements, the Group ensures statutory requirements are met, 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 FY2025 in relation to statutory audit work of the Group amounted to HK\$22.9 million (2024: HK\$20.9 million), of which a sum of HK\$20.9 million (2024: HK\$19.4 million) was paid/payable to PricewaterhouseCoopers. A sum of HK\$7.8 million (2024: HK\$5.0 million) was paid/payable to PricewaterhouseCoopers for its non-audit services provided to the Group for FY2025. The remuneration paid/payable to PricewaterhouseCoopers and its affiliated firms for services rendered is illustrated as follows:

Auditor's Remuneration

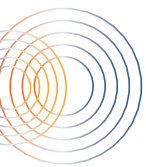


Note: Non-audit services for the year comprise primarily review of interim financial information, tax advisory, other consulting and capital market transactions related services.

- A resolution for re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the 2025 AGM.

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 FY2025.



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:
 - o 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.
 - o 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.
 - o 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.
 - o 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.
- In consideration of the following measures, the Board concluded that the Shareholders' Communication Policy was effectively implemented throughout the year:
 - o Annual and interim reports, announcements and circulars are published on a timely basis in accordance with the Listing Rules.
 - o The 2024 AGM was conducted in hybrid format to encourage shareholder participation. Electronic voting at the general meeting facilitated vote counting.
 - o 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.
 - o 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.
 - o Shareholders' enquiries, either received by telephone or by email, are properly attended and are addressed to the appropriate committees or the Board, if necessary.
 - o Shareholders with 10% voting rights or above can convene general meetings, details of which are explained in the section "Shareholders' Rights" below.

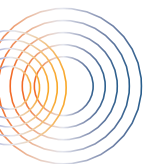


Company's Website and Annual Report

- 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. With effect from 1 January 2025, the Company's branch share registrar and transfer office in Hong Kong has been changed from Tricor Standard Limited to Tricor Investor Services Limited. For more details, please refer to the Company's announcement dated 19 December 2024.

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.

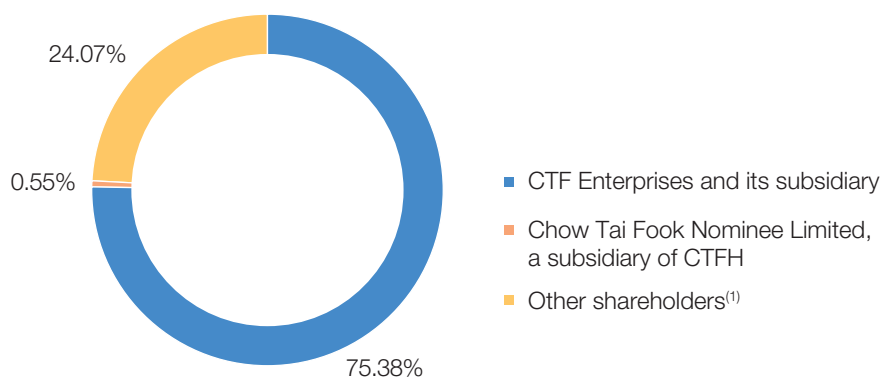


Corporate Governance Report

- 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 2025



Note:

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

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 updated in February 2025 to reflect the change of name of the Company.
- 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 ordinary dividend per share 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 FY2025 annual results

24 September 2025

For determining eligibility to attend and vote at the 2025 AGM:

- | | |
|--|---|
| • Latest time to lodge transfer documents for registration | 4:30 p.m. on 12 November 2025 |
| • Closure of register of members | 13 to 18 November 2025
(both days inclusive) |
| • Record date | 18 November 2025 |
| • 2025 AGM date | 18 November 2025 |

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

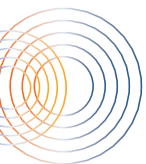
- | | |
|--|-------------------------------|
| • Latest time to lodge transfer documents for registration | 4:30 p.m. on 21 November 2025 |
| • Closure of register of members | 24 November 2025 |
| • Record date | 24 November 2025 |
| • Despatch of share certificates of the bonus shares | on or about 9 December 2025 |
| • Final ordinary dividend payment date
(including despatch of share certificates of the scrip shares) | on or about 23 December 2025 |

General Meetings

Hybrid general meetings

General meetings of the Company provides an opportunity for communication between the Board and the shareholders of the Company. The 2024 AGM was 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 promote transparency.



2024 AGM

Matters resolved

- (i) Receipt and consideration of the audited financial statements and Reports of the Directors and Independent Auditor for FY2024.
- (ii) Declaration of final dividend of HK\$0.35 per share for FY2024.
- (iii) Re-election of Mr Lam Jim, Mr Tsang On Yip, Patrick, Mr William Junior Guilherme Doo, Mr Lee Yiu Kwong, Alan, Mrs Oei Wai Chi Grace Fung and Professor Chan Ka Keung, Ceajer 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) Granting a general mandate to directors to repurchase shares of the Company not exceeding 10% of the then total number of issued shares of the Company.
- (vii) 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.
- (viii) Approving the change of company name of the Company.

Notice, proceedings, attendance and results

- At least 21 clear days' notice was given for the 2024 AGM 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 Standard Limited, the then 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 were available at the 2024 AGM to answer questions from shareholders.
- All resolutions proposed at the above general meeting were passed by the Company's shareholders.

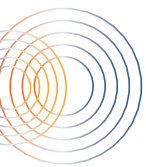


2025 AGM

- The 2025 AGM will be held on 18 November 2025. Details of the meeting are set out in the notice of the 2025 AGM which constitutes part of the circular to shareholders. Notice of the 2025 AGM and the proxy form are available on the HKEXnews website and the Company's website.

Investor Relations

- The Company believes that robust and proactive communication with the investment community is fundamental to building long-term trust and maintaining transparency — cornerstones of strong corporate governance. The Investor Relations ("IR") team is committed to the accurate, timely, and equitable dissemination of material public information, enabling investors to make informed decisions regarding the Company's shares and securities issued by the Group. Through a multi-channel engagement strategy, we facilitate meaningful interactions with stakeholders via analyst briefings, one-on-one and group meetings, investor conferences, non-deal roadshows, site visits, and media outreach.
- In FY2025, the IR team actively participated in 27 non-deal roadshows and investor conferences, conducting over 100 meetings with more than 900 institutional investors and analysts globally. To provide stakeholders with firsthand insights into our operations, we hosted exclusive site visits for approximately 100 participants at two landmark projects in Hong Kong: Kai Tak Sports Park, the region's largest sports infrastructure development, and ATL Logistics Centre, the world's largest multi-level industrial building. These initiatives not only deepened stakeholders' understanding of our business model but also showcased our operational excellence and commitment to sustainable development. Post-engagement surveys were conducted following each visit to gather valuable feedback, helping us assess the effectiveness of our communication and identify areas for continuous improvement.
- To further enhance stakeholder engagement, the Company has appointed the Head of Group Investor Relations and Corporate Communications to oversee all investor and public relations activities. 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, allowing both in-person and webcast participation, and are attended by the Group Co-CEO and the Group COFO. This ensures the investment community benefits from direct engagement with key leadership. Our efforts have been positively recognized by leading financial research institutions, including CLSA, Jefferies, and HSBC, underscoring our commitment to transparency and accountability. The management team also maintains an open dialogue with the media, ensuring timely responses to inquiries and effectively addressing stakeholder concerns.
- The Company leverages a variety of communication channels — including results announcements and presentations, press releases, annual and interim reports, the corporate website, and webinars — to ensure equitable access to material information. The multi-platform approach enables us to meet the diverse needs of our stakeholders while promoting inclusivity and engagement.



- We are committed to fostering a culture of transparent, two-way communication with shareholders. Various initiatives are implemented to keep stakeholders well-informed about the Company's development progress and outlook. Feedback, views and suggestions from the investment community are actively gathered to drive continuous improvement and strategic alignment. The Board receives regular updates on investor relations activities, including shareholder base analysis, share price performance and key investor concerns. The IR team also reports engagement outcomes and stakeholder feedback to the Board, ensuring that investor perspectives are integrated into strategic decision-making. This strengthens corporate governance, promotes long-term value creation, and aligns business strategy with stakeholder expectations.
- The Company's commitment to best practices and stakeholder engagement has earned widespread recognition. In FY2025, we achieved a historic milestone by securing top honors in all seven categories of the Extel Asia (Ex-Japan) Executive Team Survey, including Best Company Board, Best CEO, Best CFO, Best IR Professional, Best IR Program, Best IR Team, and Best ESG. We were also named "Most Honored Company" and ranked first overall in the Industrials (including Infrastructure) sector. Additional accolades include four awards at the HKIRA 11th IR Awards (Best IR Company, Best IR Officer, Best Investor Presentation Material and Best IR Team) and six awards at the Asian Excellence Awards 2025 (including Best CEO, Best CFO, Best Investor Relations Professional, Best IR Company, Best Corporate Communications, and Sustainable Asia Award). These achievements reflect our unwavering dedication to transparency, stakeholder engagement, and the integration of sustainability into our business practices.

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. All along the Company adheres to the requirements set out in 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. In any event, the aforementioned connected transaction(s) shall be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms therein 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 INEDs 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 FY2025.
- Consolidated version of the Company’s constitutional documents is available on the website of each of the Hong Kong Stock Exchange and the Company.

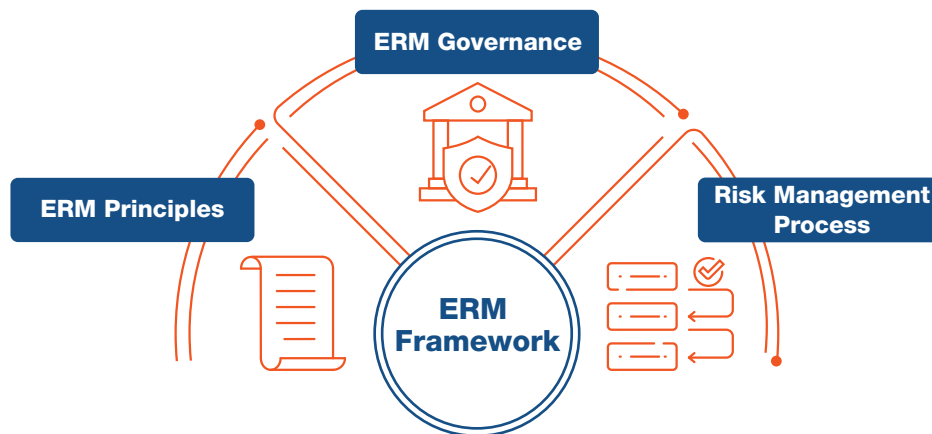
Risk Management Report

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 establishes 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

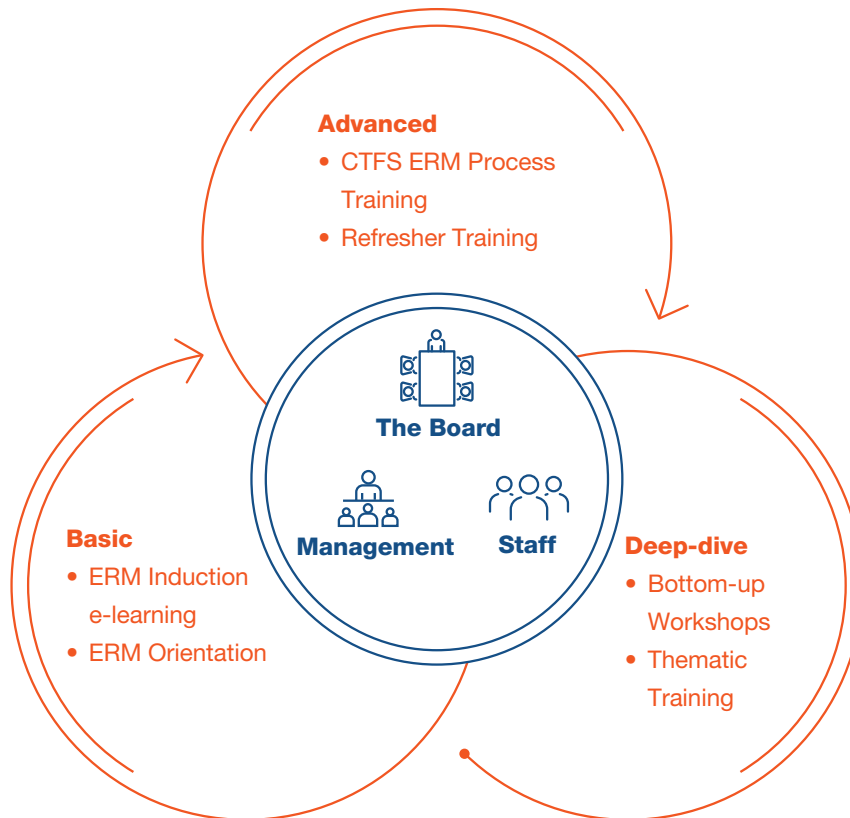
Risk Culture

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.



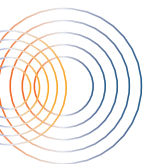
Cultivating risk awareness through training



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 contents. The training is classified as basic, advanced, and deep-dive, 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 unit and demonstrate detailed risk assessment techniques through group exercises with senior management and risk owners, while the thematic training delves into specific risk topic 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.



BCM in Practice: Empowering Resilience Across the Group

In the current dynamic and interconnected business landscape, organizations face a wide range of potential disruption scenarios that can significantly impact operations. With resilience and agility ingrained in our culture, our Group is committed to maintaining a comprehensive Business Continuity Management (“BCM”) system to provide a strategic and proactive approach to minimize the disruption impacts and ensure the continuity of our operations and services. To strengthen employees’ awareness and preparedness, we have organized a specialized event with the theme of “BCM in Practice”, providing employees with direct exposure to real-world disruption scenarios and practical response strategies, translating theoretical BCM principles into tangible operational competencies across the Group.



The event kicked off with a “Dialogue with Senior Practitioner” session, moderated by our Head of Group Audit and Risk Assurance (“GARA”), with the Director (Venue Operations) of HML to share their extensive insights on real-world incidents encountered during daily operations, as well as emerging challenges posed by climate change. The discussion underscored the importance of prompt and effective response plans, highlighting leadership responsibilities and stakeholder management during crisis situations. It also stressed

the significance of preventative measures, scenario planning, and regular drills to ensure preparedness. This engaging dialogue empowered participants to develop heightened risk awareness and integrate more robust considerations into their business continuity planning and day-to-day operations.

Following the dialogue session, we hosted an interactive incident simulation game centered on data incident response. Cross-functional teams comprising representatives from various business units collaborated to tackle a series of scenario-based missions simulating cyberattack incidents involving data leakage. Through this simulation exercise, participants developed enhanced capabilities in incident investigation, immediate containment, impact assessment, and response strategies for data breaches, while demonstrating agile and effective cross-functional collaboration and exchanging innovative approaches to crisis management.



The event successfully engaged colleagues across our diverse business segments, fostering knowledge exchange and cross-functional collaboration that leverages our Group’s collective expertise. It received overwhelmingly positive feedback, reflecting its relevance and practicality. Moving forward, we remain committed to cultivating institutional knowledge and strengthening our overall resilience framework through fostering a culture of teamwork and agility while capitalizing on our diversified business portfolio to create operational synergies.



Risk Management Objectives

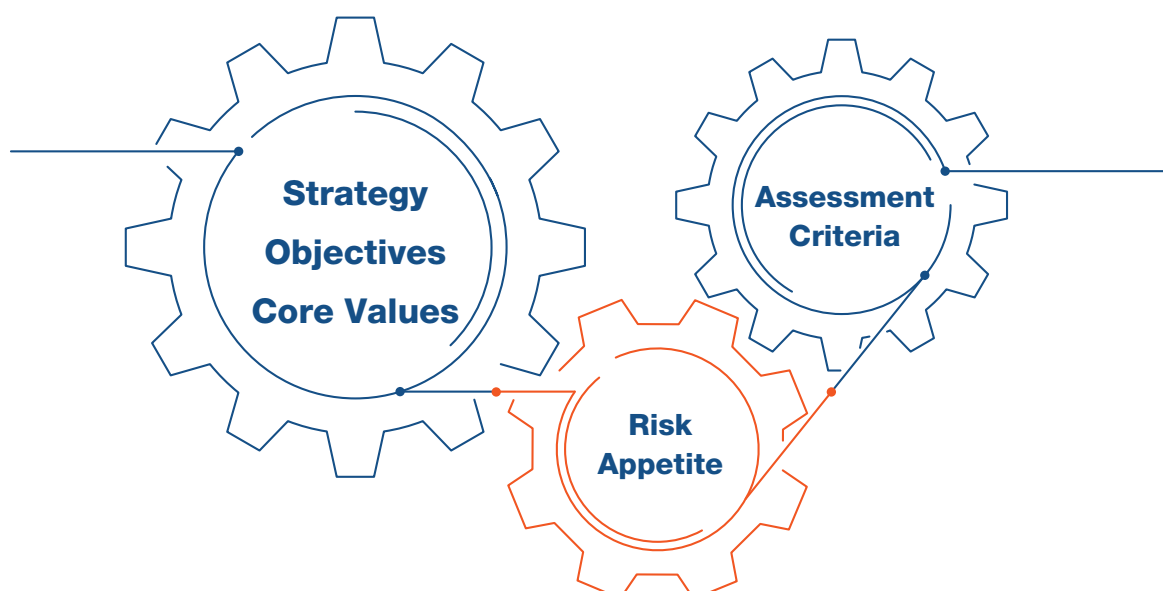
The Group's ERM framework aims to enhance the ability to achieve our vision and mission, and fulfil the five core values. In support of this, the Group has established a robust ERM framework with the following risk management objectives:

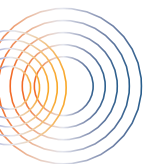
- To fulfil our commitment to integrity, ethics and compliance as an integral part of our corporate governance
- To build agility and resilience amid uncertainty in dynamic business environment
- To facilitate risk-informed decisions and align the Group's objectives, strategy and operations with the 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 our 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 or any third parties.
- The Group has strong interest in protecting the environment and upholding social sustainability and does not engage in activities which will significantly damage the environment and society.
- The Group does not expose ourselves to any potential material damage to our reputation or brand.
- The Group endeavours to minimize any business interruptions and significant operational impacts to business continuity.
- The Group is prudent to make decisions which may threaten our long term financial viability and liquidity to meet our financial commitments.
- The Group balances risks and opportunities whilst implementing a strategy to minimize failure in business decisions and optimize the Group's value.

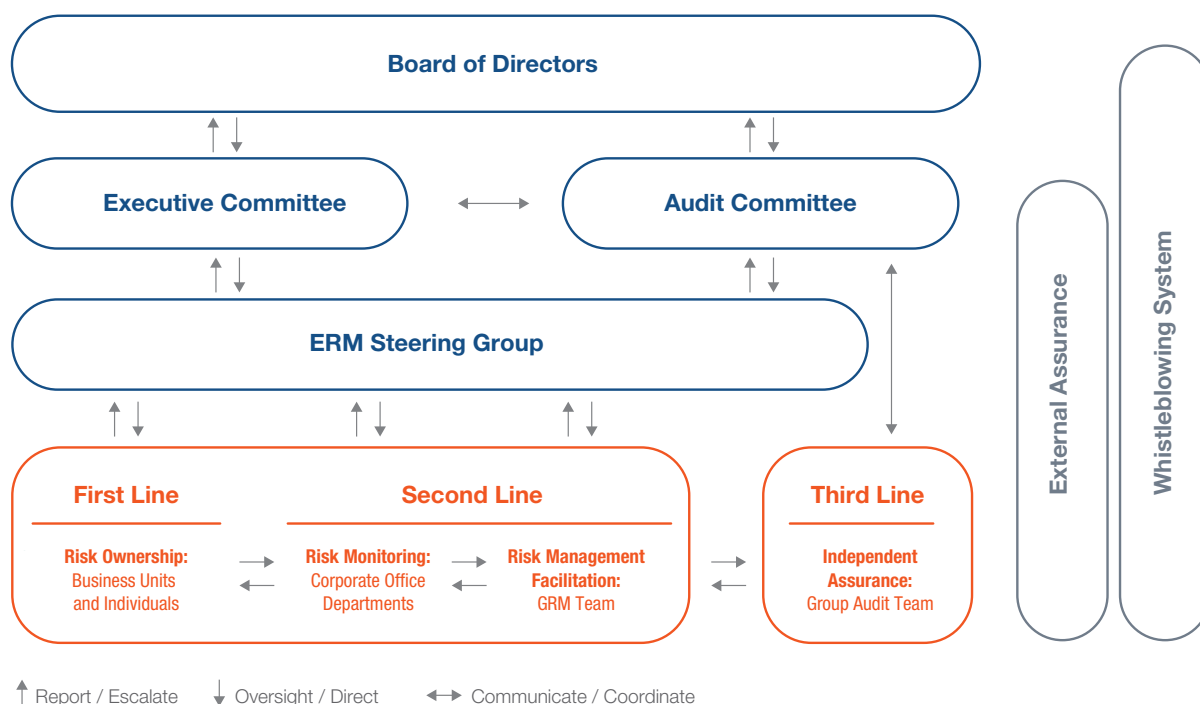




ERM GOVERNANCE

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 risk oversight including setting and reviewing the risk appetite
- Ensure the Group maintains appropriate and effective risk management and internal control systems
- Empower and delegate the ERM oversight responsibility to the Audit Committee

Audit Committee

- Oversee the risk management and internal control systems and review their 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 ERM implementation
- 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 FY2025

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 risks and climate-related risks) and risk trend, for reporting to the Audit Committee and the Executive Committee
- Reviewed the result of Key Risk Indicators (“KRIs”) 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 revision of the ERM policy and procedure
- Reviewed the refinement of the risk assessment approach, including the change of two-phased methodology consisting of the preliminary risk assessment and the comprehensive risk analysis, and changes in corresponding assessment parameters.
- Reviewed the progress of the redevelopment of the digitalized risk management infrastructure — Enterprise Risk Management Applications
- 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, prioritize and implement risk treatment plans and report in the Risk Register
- Conduct periodic self-assessment on the effectiveness of risk treatment plans

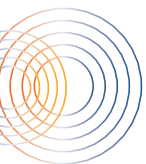
Second Line

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 controls
- 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
- Review the implementation of risk treatment plans



Third Line

Group Audit Team

- Evaluate the adequacy, effectiveness and efficiency of the risk management and internal control systems
- Consider the key and emerging risks 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

- 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 GARA 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

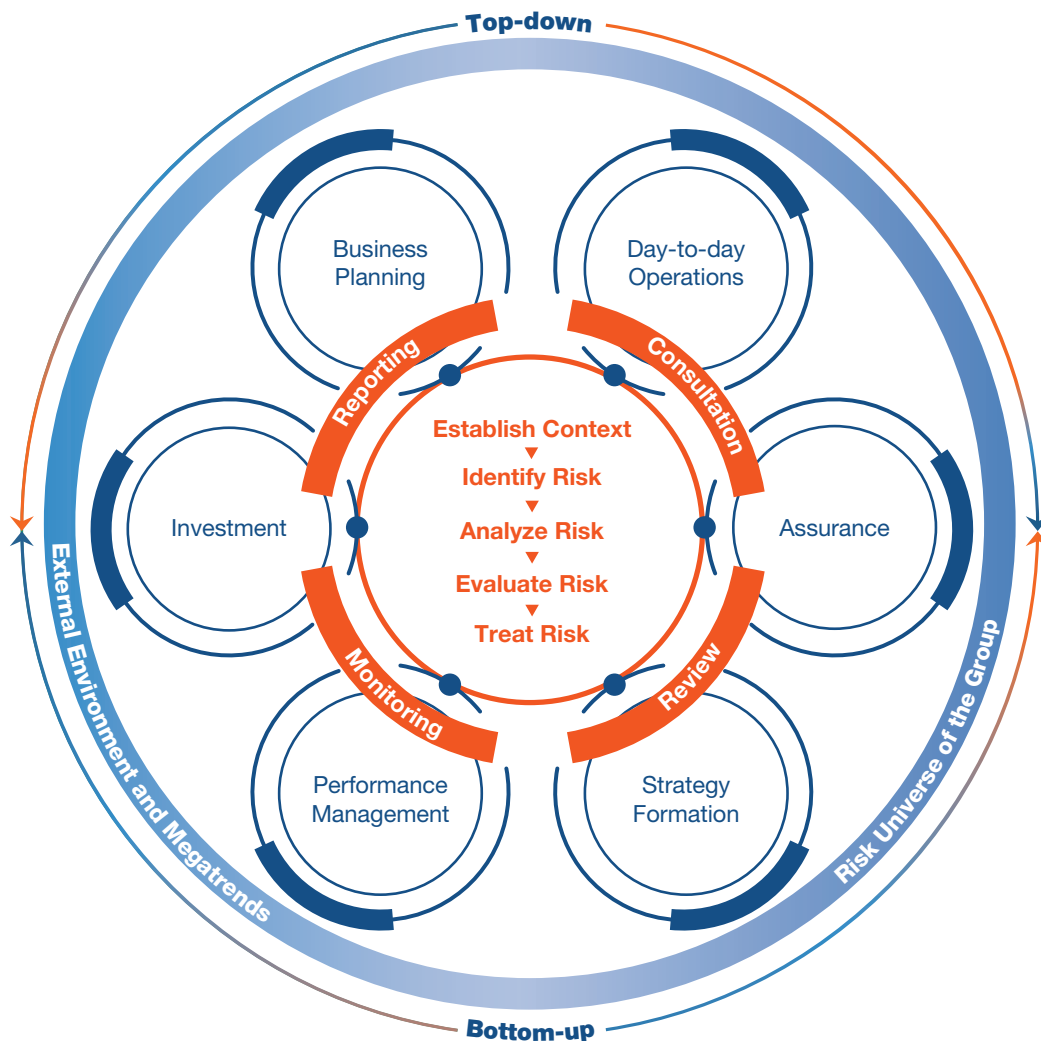


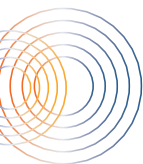
RISK MANAGEMENT PROCESS

Risk management process starts from the establishment of context, by taking into the 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. such as 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

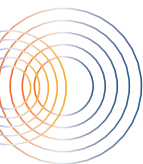
Risk treatment plans for implementing risk mitigation measures are developed by respective business units and corporate office departments, based on the priority and nature of risks.



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.

Risk Register	Business units and corporate office departments perform self-assessment of the effectiveness of the risk treatment plans upon the submission of the Risk Register every half year.
Key Risk Indicator	KRIs are set by risk owners to measure and monitor changes in risk exposure of key risks. 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.
Risk Treatment Validation	The GRM team reviews the implementation of risk mitigation measures stated in the Risk Register. The Group Audit team also performs risk based validation to test risk mitigation measures of key risks during the internal audit process.
Early Flagging Mechanism	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 line manager and risk oversight parties.
Whistleblowing Mechanism	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 the Audit Committee. For details, please refer to the Corporate Governance Report of this annual report.



Review on the Effectiveness of Risk Management and Internal Control Systems

The Board, with the assistance from the Audit Committee and ESG Committee, reviewed and evaluated the effectiveness of the Group's risk management and internal control systems (including ESG risks and climate-related risks), including the consideration of the following factors:

- The scope of work performed by both internal and external auditors and any significant findings identified in their audit reports during the year, as well as the extent of any potential or actual impact derived from those findings on financial performance or conditions of the Group
- The scope and quality of our ongoing monitoring of risks (including ESG risks and climate-related risks) and internal controls (including financial, operational and compliance controls) as well as the communication mechanism for results of the ongoing monitoring systems including but not limited to KRIs and internal control reviews
- The adequacy of the resources, as well as staff experience, qualifications and training, of the Group's risk management, internal audit, finance, and ESG functions
- The opportunities and progress of continuous improvement of risk management and internal control systems
- The design and implementation of the Group's ERM framework, and outcomes of the risk management process
- The changes in the nature and extent of significant risks (including ESG risks and climate-related risks) and the Group's risk profile since the last review, and the capacity and response strategies of the Group for changes in business, external environment and megatrends
- The effectiveness of financial reporting and regulatory compliance processes

In addition to the above, the Integrated Internal Control Self-Assessment Certificate is applied across the Group to evaluate the effectiveness of its risk management and internal control systems semi-annually by business units and corporate office departments, with reference to the COSO framework. Regarding the review of the effectiveness of the risk management and internal control systems and its results, please refer to the Corporate Governance Report of this annual report for details.



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 and the Audit 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 FY2025, SGS Hong Kong Limited was engaged to conduct an independent assessment of the processes and procedures of CTFS's ERM system, based on 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 Performance Statement below.



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 24 March and 31 March 2025 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 inspection, testing and verification, 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.

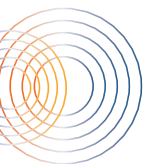
DISCLAIMER

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
08 April 2025



Integration of Risk Management

ERM 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 the consideration of risks (including ESG risks and climate-related risks) before decision-making. 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.

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 risks 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.

INTEGRATION OF ESG RISKS AND CLIMATE-RELATED RISKS

ESG issues and climate change are widely recognized as key topics that all sectors need to address, as it could bring multi-faceted impacts to sustainable business growth and community development. The Group emphasizes the importance of ESG risks and climate-related risks, and therefore has integrated those risks into our ERM framework in order to facilitate the achievement of the CTFS sustainability targets and develop resilience for both physical and transition impacts under climate change.

The Board takes ultimate responsibility for ESG and sustainability of the Group, which oversees the Group's ESG strategy and progress against respective goals and targets. With the delegation from the Board, the Audit Committee oversees risks including ESG risks and climate-related risks and evaluates the effectiveness of mitigations to manage the risks.

The Group applies the aforementioned risk management process, ranging from risk assessment and treatment to consultation and reporting, to the management of ESG risks and climate-related risks which have been incorporated into the Group's risk profile, such as talent attraction and retention, regulatory compliance, environmental, sustainability governance, which are also integrated into the regular reporting to the ERM Steering Group, Executive Committee, Audit Committee and ESG Committee.



Embedding ESG in our Risk Management Process



Risk Identification

Associated material ESG issues and factors, including physical and transitional climate change elements, are integrated into the CTFS Risk Bank to facilitate the identification of ESG risks, which aligns with the strategic focus of the Group's ESG Framework. GRM team works closely with Group ESG to obtain their risk insights regarding ESG issues and discuss corresponding ESG risk factors with risk owners during the risk identification stage.



Risk Assessment

The Group is committed to minimizing the impact on environment and society. It has integrated ESG-related impact assessment criteria (e.g. environmental, stakeholder reaction, health and safety, compliance) into its risk assessment process. Also, the Group adopts different time horizons in the assessment criteria for better evaluation of climate-related risks, considering the long-term effect of climate change may not be adequately reflected in the standard assessment criteria. To strengthen our assessment of the financial implications arising from both physical and transition risks associated with climate change, we have engaged external consultants to conduct climate scenario analyses for our business units on a phased basis, aiming to provide critical insights for better risk prioritization and formulation of robust climate adaptation strategies.



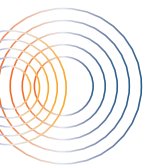
Risk Treatment & Monitoring

Similar to other risks, key risk indicators and risk mitigation measures are developed by respective business units and corporate office departments. ESG risks are based on their risk nature and priorities. The GRM team will also share the ESG risk profile to our Group ESG to drive better synergy in both the management of ESG risks and formulation of ESG initiatives. For the details on ESG-related matters, please refer to the Corporate Governance Report of this annual report and our separate 2025 Environmental, Social and Governance Report ("ESG Report").



Risk Awareness Building

Periodic training sessions are conducted to share our approach to managing ESG-related risk, as well as information and knowledge about emerging trends and popular ESG and climate-related topics to our management, risk owners and relevant individuals. Dedicated sections regarding the ESG and climate factors consideration have also been incorporated in our regular risk induction training, refresher training and deep-dive workshop on risk assessment. We also actively engage Group ESG and external experts to share their insights and best practices on management of ESG risks.



KEY RISK MANAGEMENT ACTIVITIES IN FY2025

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 Hong Kong Limited (“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 integration of ESG risks in the risk management process, which includes the close collaboration with Group ESG to enhance ESG risk identification and the effort in strengthening risk awareness through the incorporation of ESG risk education at various levels of training, ranging from induction programs to deep-dive workshops.



Strengthening and digitizing ERM process

- Reviewed and revised corresponding ERM policy and procedure to ensure alignment with the changes in organizational structure, ERM framework, process, approach, and system capabilities.
- Revisited and streamlined our risk assessment approach to enhance effectiveness and efficiency. The new assessment approach features a two-phased methodology where comprehensive risk analysis is conducted for key risks identified during preliminary risk assessments. Corresponding assessment parameters have also been refined to facilitate more effective evaluation and prioritization of risks across the Group. This refined approach enables us to concentrate our efforts on the most material risks that could affect the achievement of our business objectives, thereby strengthening our overall risk management capabilities in navigating the evolving business environment.
- Redesigned our digitalized risk management infrastructure and successfully launched the new Enterprise Risk Management Applications (“ERMAApps”), which provides a unified digital platform integrating risk knowledge management, reporting capabilities, and communication functions that support our refined risk assessment approach. The ERMAApps platform delivers enhanced accessibility for risk owners, enabling them to efficiently search and access relevant risk procedures, guidelines, and reference materials through a centralized knowledge database. The system features an integrated interface within our Group’s internal communication and collaboration platform, facilitating more effective risk reporting and communication among stakeholders.
- Conducted top-down engagement with a PESTLE analysis session to conduct in-depth risk discussion on emerging political, economic, social, technological, legal and environmental agenda in our business context with the senior management of both the Group and business units to obtain their insights on the risk landscape faced by the Group.
- Collaborated with Group ESG to review the integration of updated material ESG issues in CTFS Risk Bank. This exercise ensures the completeness of risk consideration to applicable material ESG issues in CTFS Risk Universe and also reinforces the consideration of ESG factors during the risk identification.



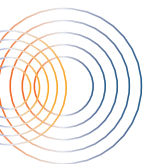
Enhancing governance of business resilience

- Established the Group Business Continuity Management Policy to provide a cohesive and structured framework for the Group and its subsidiaries to build and maintain their tailored BCM systems while aligning with the Group's BCM strategy. The policy incorporates four core components, including the BCM governance, Group BCM framework, crisis communication plan, and BCM approach and methodology, thereby ensuring consistent implementation of business continuity principle and operational resilience across the Group.
- Established the Business Continuity Management Committee ("BCMC") to strengthen our BCM governance structure. The Committee is chaired by our Group Co-Chief Executive Officer and Group Chief Operating and Financial Officer, with representatives from corporate office and respective business units across the Group. The BCMC drives the strategic development and implementation of our BCM system at both Group and business unit levels. This governance structure enables effective oversight, comprehensive cross-functional coordination, and ensures alignment with our overall business continuity objectives.
- Rolled out comprehensive business impact analysis and disruption risk assessment across the corporate office and selected business units to identify critical business activities and evaluate major disruption risk scenarios. This structured assessment enables us to evaluate the BCM readiness of our corporate office and business units and identify enhancement opportunities to strengthen operational resilience. This exercise will also be progressively expanded to encompass other business units across the Group in a phased approach, ensuring consistent application of BCM principles and methodologies throughout our diversified business portfolio.



Promoting risk culture through training

- Conducted ERM refresher training sessions for risk owners and risk reporting persons to provide latest updates of the ERM framework, including the streamlined assessment process, new ERMAApps, revision of the ERM procedure, risk register and assessment parameters.
- Organized group-wide BCM event aimed at providing colleagues with practical insights into managing potential incidents in daily operations. The event featured two engaging sessions: "Dialogue with Senior Practitioner" and "Incident Simulation Game Challenge". These sessions fostered a practical learning environment, allowing participants to gain valuable exposure to real-life incidents through insights shared by experienced practitioners, while the incident simulation game provided hands-on experience in an interactive manner that further enhanced participants' competencies in effective and efficient incident management and response.
- 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 FY2025

The Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Our businesses include toll roads, financial services, logistics, construction, and facilities management.

Through the comprehensive risk management process mentioned in the previous section, the Group identified major risks which may affect the achievement of the Group's business objectives. However, risk evolves from the interactions of many dynamic forces and factors in the business environment. Some risks are not significant now but could become key ones in the future; certain risks exist but we are not aware of; and/or new risks come to light. Therefore, our risk portfolio would be reviewed and updated to react and respond to the changing risk landscape.

Overall Risk Trend and Emerging Risk Drivers

Over the past year, the global business landscape has continued to be shaped by heightened macroeconomic and geopolitical uncertainties. While Hong Kong's economy remains on a recovery path, the momentum is uneven and fragile. In the Mainland, despite a targeted growth rate of around 5%, the economy may also face challenges in domestic demand recovery, particularly due to weakened consumer confidence and adjustments in the real estate market.

Escalating geopolitical tensions, prolonged trade disputes, and the uncertain trajectory of U.S. monetary policy, especially interest rate movements, have contributed to increased market volatility. In response, our Group remains vigilant, continuously assessing the macroeconomic environment to recalibrate financial strategies and optimize capital allocation to preserve long-term resilience. We have maintained robust liquidity and established a strong foundation of funding resources and will continue to expand our funding sources.

Despite fierce market competition and cautious consumer sentiment, the Group remains committed to delivering value through innovation, operational excellence, and leveraging synergies within the CTF Group's diverse business network. Particularly, the emergence of evolving technology continues to reshape the business landscape across different industries at an unprecedented pace. Recognizing this fundamental shift, we have established dedicated teams or focus groups to actively explore opportunities to capitalize on these technological advancements, particularly in AI and related innovations, to maintain our competitive edge. Notable examples include the integration of AI into daily operations to enhance operational efficiency and early fraud detection capability in our insurance business, as well as the adoption of AI-backed Internet of Things ("IoT") systems and robotics to improve workplace safety standards and cost effectiveness in our construction business.

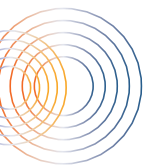
While AI enhances our operational efficiency and performance, it also introduces new vulnerabilities, such as more sophisticated cyberattacks and data protection concerns related to the use of generative AI tools. Meanwhile, ethical considerations, such as the potential for AI to exacerbate societal inequalities require careful oversight. To address these issues, the Group is strengthening its cybersecurity posture through advanced threat detection systems, regular penetration testing, and employee training programs to foster a culture of cybersecurity awareness. In parallel, we are exploring responsible governance structure to ensure ethical deployment of AI technologies and safeguard data privacy.

Climate-related risks remain a pressing concern. The increasing frequency and severity of extreme weather events, such as typhoons, heavy rainfalls, and heat waves, continue to disrupt operations and pose health and safety risks. The Group is enhancing its Business Continuity Management framework and investing in climate scenario analysis to provide insight for our formulation of climate adaptation strategies. These efforts will contribute to strengthening our climate resilience and creating a healthier and safer working environment for our workforce.

Looking ahead, we will remain vigilant in monitoring the evolving risk landscape and cultivate agility to adapt and innovate while strengthening resilience to ensure long-term success in this dynamic environment. Please refer to the following table for the major risks identified by the Group and the corresponding mitigation measures. This table is neither intended to be exhaustive nor comprehensive.



Risk Description	Risk Trend	Mitigation 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 arises
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 programs and sound customer relationship management - Analyze competitors and the market for effective monitoring on the competitive situation and formulate corresponding strategic plans - Utilize technology to enhance customer experience and to increase operational efficiency and effectiveness - Leverage CTFS 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 and/or financial loss Associated ESG Issue: Climate Change		- Implement close monitoring of the change of applicable government policies, laws and regulations (including ESG or climate-related agenda) - Formulate responsive strategy and plans for anticipated and upcoming changes - 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 university to get the advice on adapting changes in government policy



Risk Management Report

Risk Description	Risk Trend	Mitigation 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 background (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
Credit/Default Risk Default or any other failure to fulfil their current or future obligation by an obligator (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
Cybersecurity Risk  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 • 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

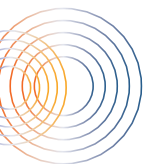
▲ Risk Level increased during FY2025
 ESG-related Risk

▼ Risk Level decreased during FY2025
 Climate-related Risk

◀ Risk Level remained



Risk Description	Risk Trend	Mitigation 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 program 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 as well as 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
Natural Disaster Risk   Major natural disaster and extreme weather events (e.g. typhoon, earthquake, tsunami, heavy rainstorm), interrupting the operations, production and service delivery, which may impact the company's ability to sustain the operation Associated ESG Issue: Climate Change		• Establish necessary procedures including business continuity and recovery plans to respond to various natural disaster • Conduct regular drill exercises and periodic 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 • Conduct climate scenario analysis to evaluate the financial impact of climate-related risk to provide insight for prioritization and formulation of climate adaptation strategies • Assess and ensure adequate insurance coverage to minimize potential financial loss



Risk Management Report

Risk Description	Risk Trend	Mitigation Measures
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 programs to improve staff's competency and promote career progression • Foster the caring culture by offering variety of wellness programs, 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 talents and promote the Group's employer branding to increase the competitiveness in the talent market
Legal/Regulatory Compliance Risk		
Violation to legal/regulatory requirements of the jurisdiction/supervisory agency, exposing the company to legal/regulatory action, reputational and financial loss Associated ESG Issue: Business Ethics and Anti-Corruption		• Closely monitor changes/updates on relevant legal and regulatory requirement, including ESG or climate-related regulations, and make timely action plans for adapting to the changes • Develop detailed policies and procedures to provide guidance on executing compliance controls • Perform regular monitoring of compliance status • Seek external expertise to provide advice on implementing changes to comply with regulatory updates or to conduct independent reviews, offering recommendations for strengthening compliance • Provide regular trainings to employees to ensure awareness and understanding of the latest legal and regulatory requirements

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 2025 ESG Report.

Risk Level increased during FY2025
 ESG-related Risk

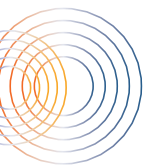
Risk Level decreased during FY2025
 Climate-related Risk

Risk Level remained



RISK ANALYSIS BY BUSINESS

Roads	Macroeconomics and Government Policy Risks
	Numerous factors may affect the traffic flow of toll roads, including recent developments of China — United States trade war, export levels and the development of nearby infrastructure and related transportation needs. The economic environment in the Mainland remains to be challenging, contributing to uncertainties in traffic patterns and toll revenue. To evaluate the potential impacts from the economy, management performs ongoing analysis on financial performance and closely monitors both business and economic data. 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 optimized capital expenditures to reduce the impact of economic fluctuations. Amid the escalating uncertainties surrounding China — United States trade tensions, our roads portfolio strategically encompasses toll roads with diverse traffic characteristics and economic drivers across prime locations in the Mainland. This diversified geographical positioning and traffic composition enhances resilience against the adverse impact from bilateral geopolitical developments, enabling us to maintain consistent toll performance despite these evolving trade dynamics. 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 negotiated with the government authorities for compensation or financial support on major policies impacting toll revenue such as the toll fee exemption during COVID-19 and the toll discount for passenger cars from other provinces to Guangxi during weekends in 2023 Q4. 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.



Financial Services

Macroeconomics and Competition Risks

Global economy is facing headwinds due to the escalation of trade conflicts, heightened policy uncertainty and rising geopolitical tensions. The financial markets are expected to continue to experience heightened volatility. Nevertheless, CTF Life adopts a disciplined approach on asset & liability management (“ALM”) to manage the balance sheet volatility, ensuring the financial and solvency positions are resilient to financial stresses. Under the HKRBC, CTF Life’s solvency position is resilient to different financial stresses, reflecting CTF Life’s robust ALM and risk management practices. Despite the near-term uncertainties, we believe the long-term prospects for our business remain solid.

During the year, the competitive landscape has further intensified in terms of product offerings, incentives to intermediaries, and customer acquisitions across the three key distribution channels: Agency, Partnership, and Premier Business. In response, CTF Life has diligently monitored market trends to refine the business strategies, ensuring CTF Life’s offerings and incentives remain competitive. In parallel, to enhance distribution efficiency and customer experience, CTF Life has streamlined the selling process through enhancements on digital sales tools and platforms, thereby providing robust support to our partners.

Looking ahead, to maintain the competitive edge, CTF Life will persist in reviewing and adjusting our strategies to adapt to the changing business. As integration with the GBA deepens, cross-border mobility across the region has become increasingly frequent. In response, CTF Life has officially launched the “GBA MediAccess Outpatient Insurance Plan” in March 2025, tailored for individuals who frequently travel across Hong Kong, Macau, and designated GBA cities. This innovative plan leverages the extensive medical network of The GBA Healthcare Group, a member of CTF Enterprises, to deliver accessible, high-quality healthcare services. Additionally, we have introduced the CTF Life Bermuda brand in July 2025, making a strategic move to further bolster our international presence.

Building on this momentum, the Group also aspires to develop a professional, one-stop financial and wealth management platform that addresses the evolving needs of clients. We are currently in the process of acquiring Blackhorn, an external asset manager headquartered in Hong Kong, and uSMART, a leading technology-driven financial services company. These acquisitions will help complement our insurance business and break through the boundaries of traditional products, enabling us to provide online securities brokerage, wealth management, and investment advisory services, as well as a broad range of multi-asset products for our clients.



Logistics

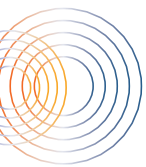
Macroeconomics and Competition Risks

Currently, the logistics industry is in a macroeconomic landscape of cautious optimism and uneven recovery. Although China's GDP is expected to grow steadily on the back of domestic consumption growth, the development of strategic emerging industries and continued policy support, the overall recovery remains fragile. Globally, economic growth is projected to slow, which may curb international trade volumes and dampen global demand for logistics services. Geopolitical tensions and rising trade protectionism further compound these challenges, disrupting global supply chains, increasing transportation costs, and creating uncertainty in cross-border logistics operations.

In response to these circumstances, we strategically focus on retaining high-value customers and maintaining occupancy rates despite downward pressure on average rental rates. By delivering quality services, we seek to maintain tenant loyalty and minimize churn. We remain hopeful that ongoing government support for the transition from export-driven growth to domestic consumption will bring relief and new opportunities to the industry. Rather than pursuing aggressive price reductions, we are prioritizing value-added services and operational excellence to maintain our competitive edge. While rental unit prices have been slightly adjusted to support occupancy, our core focus remains on service quality and operational efficiency.

In addition to the leasing strategies, we are strengthening our Business Continuity Management framework to enhance operational resilience. This includes reinforcing contingency planning, enhancing response protocols, and implementing energy contingency measures to maintain critical operations and ensure service continuity to our clients during unforeseen events. Through these efforts, we aim to safeguard business continuity, protect stakeholder interests, and support long-term sustainability.

Despite the challenging market conditions, we remain committed to exploring strategic opportunities for business expansion. The emergence of more reasonably priced and high quality warehouses presents a timely opportunity to grow while maintaining financial discipline. By balancing growth initiatives with prudent management, we are focused on achieving sustainable development and preserving both operational and financial stability.



Construction

Macroeconomics, Work Safety and Supplier Performance Risks

Amid the cautious economic climate in recent years, the construction industry faces challenging market conditions driven by the contraction of private sector activity and constrained funding for public projects. To navigate these challenges, Hip Hing Construction Group remains proactive in expanding our capabilities in pursuing design, build, and operate projects by leveraging the diverse specialist capabilities within CTFS Construction Group and exploring strategic partnerships and joint venture opportunities with specialist partners. Additionally, we actively explore innovative approaches to optimize project timelines and cost effectiveness in our tender proposals, such as adoption of Modular Integrated Construction, Building Information Modeling and AI planning tools, thereby improving our bid competitiveness and market responsiveness. Furthermore, maintaining and nurturing long-term relationships with discerning clients who value quality and reliability remains a key focus for us to secure repetitive business.

Maintaining a safe working environment is fundamental to our operational excellence and market trust. Hip Hing Construction Group adopts a “Safety by Design” philosophy, embedding safety considerations early in the project design and planning stages. This involves thorough upfront hazard identification and impact assessment to document safety risks and to develop specific health and safety plans outlining the safety measures required at various project stages, adoption of more safety-proven operational processes and materials such as metal scaffolding, and robust emergency preparedness. We also continuously analyze incident data and embrace advanced technology such as Smart Site Safety System, Distant Tower Crane Command System and AI safety robots to drive ongoing improvements. In addition, targeted training programs equip subcontractor representatives with the knowledge and tools to uphold rigorous safety standards on site, fostering a shared culture of care and responsibility.

As a main contractor, our project success is intrinsically linked to the performance of our extensive network of subcontractors, while their performance presents inherent risks such as potential delays, cost overruns, quality deficiencies, and non-compliance. To mitigate such risks, Hip Hing Construction Group implements stringent pre-qualification procedures, establishes comprehensive contract terms incorporating explicit penalty clauses, and conducts diligent progress and safety monitoring. Given that prevailing market conditions have intensified the financial pressures on subcontractors and potentially affect project delivery, robust financial controls are enforced to ensure timely payments from clients and to subcontractors for verified work completed. We also maintain contingency plans such as backup subcontractors and well-defined dispute resolution mechanisms to protect project timelines, control budgets, and safeguard our corporate reputation.



Facilities Management

Strategy and Extreme Weather Risks

Hong Kong has witnessed accelerated market transformation driven by technological advancement, shifting market dynamics, and heightened geopolitical tensions. The post-pandemic recovery has also amplified structural changes across industries, with increased emphasis on sustainability, digitalization, and supply chain resilience. While these dynamic forces reshape our business environment, understanding and adapting to these changing dynamics remain 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.

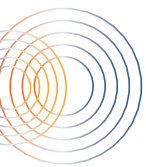
To navigate these evolving market conditions and seize emerging opportunities, HML have adopted a comprehensive approach to adapt to these transformations. We maintain vigilant monitoring of market conditions and competitor activities to anticipate shifts and refine our strategic positioning. We remain 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 is actively exploring new business opportunities by partnering with organizers in high-growth sectors such as artificial intelligence, cryptocurrency & Web3, and education-related events, which demonstrate strong potential for sustained expansion. Additionally, we are seeking to strengthen our resilience to market volatility by expanding into emerging regions, such as the Middle East and Southeast Asia. To address the needs of these emerging markets, we have enhanced our facilities to create a Muslim-friendly venue and achieved Gold Certification from the internationally recognized halal travel promotion company CrescentRating, becoming the first MICE (meeting, incentive, conference, and exhibition) venue in Hong Kong to receive this international halal travel certification. These strategic focuses position us to capitalize on growth opportunities across emerging industries and markets while diversifying our revenue base.

Extreme weather events continue to pose operational challenges to our venue operations, particularly given Hong Kong's exposure to typhoons and heavy rainfall. Climate change has been amplifying the breadth and depth of the impact through more frequent extreme weather events, potentially disrupting scheduled events, causing property damage and compromising both visitor and exhibitor safety.

To mitigate these climate-related risks and ensure operational resilience, HML has invested in robust infrastructure such as waterproofing systems and flood protection measures, while maintaining regular preventative maintenance protocols. We have 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 ENVIRONMENT, SOCIAL AND GOVERNANCE MANAGEMENT TASK FORCE

Dear Stakeholders,

We are pleased to present CTFS's FY2025 ESG Report, a forward-looking reflection of our sustainability journey, progress, and ambitions within a cohesive strategic framework. At CTFS, ESG is more than a compliance exercise: it is central to how we create long-term value, manage risk, and build resilience in a rapidly evolving world.

ACCELERATING OUR DECARBONIZATION JOURNEY

Since the launch of *Breakthrough 2050* last year, we have deepened ESG integration across our core operations and expanded our greenhouse gas inventory disclosures to sharpen our decarbonization focus. We have set clear decarbonization targets, with two business units receiving near-term target validation from the Science Based Targets initiative. All business units are formulating tailored decarbonization strategies aligned with their operational and strategic focuses, positioning us to accelerate impact in the years ahead.

FINANCING THE LOW-CARBON TRANSITION

Aligned with IFRS S1 and S2, the global sustainability disclosure standards, we are committed to enhancing the quality and relevance of our disclosures to better demonstrate how sustainability-related risks and opportunities translate into financial impacts across the short, medium, and long term. In FY2025, we mobilized HK\$18.6 billion in Sustainability-Linked Loans and Green Debt Financing, representing 39% of Total Debt financing.

To ensure capital is directed toward initiatives that enhance resilience and mitigate climate and social risks, we have embedded sustainability into our investment criteria. CTF Life has adopted MARS Climate, a transition risk model powered by BloombergNEF's Transition Risk Assessment Tool. This model projects revenue risks and opportunities by analyzing company activities, supply chain exposure, and regional footprint under various Network for Greening the Financial System climate scenarios, reinforcing our commitment to responsible investment.

DRIVING DIGITAL TRANSFORMATION FOR THE TRANSITION

We continue to enhance efficiency, customer experience, and resilience through digitalization and data-driven insights. Artificial Intelligence ("AI") is being leveraged to anticipate and address sustainability challenges, while health and safety are strengthened through advanced safety monitoring and standardized processes. Our cybersecurity resilience is scaling in tandem with our expanding digital ecosystem.

Across our businesses, technology adoption is transforming operations. For example, our road operations have been modernized with AI monitoring and electronic payment systems, reducing congestion and improving user experience. Mobile payment platforms, such as WeChat Pay and Alipay are now available across all tolling sections, offering fast, safe, and convenient transactions.

In construction, we view digitalization as a key driver of industry advancement. Our strategy modernizes the entire project lifecycle through digital tools, data-driven decision-making, and lean practices. By embracing BIM, real-time analytics, mobile apps, and prefabrication, we are delivering safer, faster, and more predictable projects with reduced waste and improved collaboration. A standout innovation is the Hip Hing Distant Tower Crane Command System, which integrates MiC, AI, IoT, and remote-control technology to drive innovation in traditional crane operations.



BUILDING RESILIENCE FOR THE TRANSITION

Building resilience starts from within. Our newly introduced Group-wide Workforce Diversity Policy fosters an inclusive culture that attracts, retains, and nurtures diverse talent, strengthening both resilience and reputation. We define diversity as embracing a wide range of voices and perspectives, which leads to better decision-making.

Through ESG capacity-building and empowerment programs, our business units are equipped to lead the transition with measurable progress and sustained accountability. Our 45 Imp[ACT] Leaders across the Group bring diverse expertise to accelerate readiness for future shifts in markets, technology, and regulation.

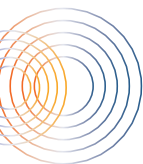
LOOKING AHEAD

Breakthrough 2050 is more than an ESG framework — it is a value-creation engine. By accelerating decarbonization, strengthening governance, and empowering our people, we unlock durable value across the Group. Our disciplined approach to disclosure, performance tracking, and strategic investment ensures ESG considerations are embedded in every decision, from operations to strategy to capital allocation.

We invite all stakeholders to engage with us, challenge us, and collaborate in shaping a more sustainable, resilient future. As we look ahead to FY2026 and beyond, we remain committed to delivering measurable progress, maintaining accountability, and fostering open, transparent dialogue that underpins our shared success.

Mr Jim Lam

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



Environmental, Social and Governance Report Highlights

OUR ESG STRATEGY AND PROGRESS

We have integrated ESG principles into our company's vision and mission, guided by the five core values of Breakthrough 2050, our ESG framework designed to set forth new goals and targets that address the challenges and opportunities presented by the rapidly evolving economic landscape. These values, "Act with Integrity," "Advance with Agility," "Evolve Sustainably," "Grow as One," and "Create Shared Value," serve as the foundation of our business strategy and guide our approach to sustainability, being fully embedded in our strategic planning, decision-making, and day-to-day operations. By aligning each initiative with our core values, in addition to setting well-defined targets, establishing structured initiatives, and maintaining continuous performance tracking, we proactively address key sustainability challenges and drive measurable progress.

Our sustainability performance is disclosed in detail in a separate ESG report, which is available on our website. This report complies with the ESG Reporting Guide ("ESG Guide") 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 Guide.

Additionally, this report references the Global Reporting Initiative ("GRI") Standards 2021 to enhance transparency and comparability. Building on this foundation, and in response to increasing stakeholder expectations around climate-related disclosures, we have incorporated key elements from the IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board ("ISSB").

Further reinforcing our commitment to comprehensive sustainability reporting, CTFS enhanced our reporting in FY2025 by aligning with the ISSB's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. This alignment enables us to more effectively communicate the risks and opportunities associated with sustainability while aligning with emerging global standards.

With the approval of our Board of Directors (the "Board"), PwC was engaged to conduct a limited assurance engagement on certain identified 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).

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.

**The full ESG Report
is available here:**





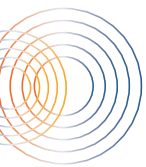
SUSTAINABILITY VISION

To serve as the building blocks to accelerate our portfolio companies, value chains, and communities for the sustainability transition in line with our corporate values. Building resilience against emerging ESG challenges is integral to our business development. Sustainability is at the heart of our daily operations, and we strive to align with the expectations of our key stakeholders in a responsible manner.

Five Core Values	Our Targets	FY2025 Status	Progress on track
 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 0 convicted cases of corruption	Zero convicted cases of corruption	√
 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	39% of bond and loan facilities from green financing (as of 30 June 2025)	√
 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 Reducing 50% GHG emissions by 2035 relative to 2023 levels and reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways by 2050	19% reduction in GHG emissions of Scope 1 & 2 compared to FY2023 ¹	√
 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	Please refer to the "Grow as One" section for FY2025 highlights	√
 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	Seven projects supported in FY2025 ² ; 15 projects supported to date	√

¹ The GHG emissions reduction reported in "FY2025 ESG Report" excludes the emissions from Kai Tak Sports Park to align with the calculation methodology of the baseline year, FY2023, and allow for meaningful comparison of data.

² The seven projects supported in FY2025 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 "Supporting Our Communities" in FY2025 ESG Report.



Environmental, Social and Governance Report Highlights

ACT WITH INTEGRITY

At CTFS, we recognize that ethical and governance lapses can lead to serious financial and reputational risks — especially when legal and compliance issues are not well managed. Strengthening our governance frameworks not only mitigates these risks but also builds trust and credibility. This is especially important given our diverse business portfolio, including construction and financial services, which face stringent, sector-specific regulations. By embracing these standards and focusing on continuous improvement, we aim to reduce risk and unlock long-term value across all business units.

Key Updates from FY2025

Zero instances

of corruption or bribery, discrimination or harassment, customer data privacy breaches, or money laundering were reported to the CTFS whistleblowing channels or via other channels in FY2025 — the same as FY2024.



Enacted a

new Workforce Diversity Policy

to aid in fostering an inclusive culture at CTFS.



Achieved a

6:1 male:female

gender diversity ratio for our Board of Directors.



Conducted an independent assessment of our ERM system to successfully validate its robustness and adherence to

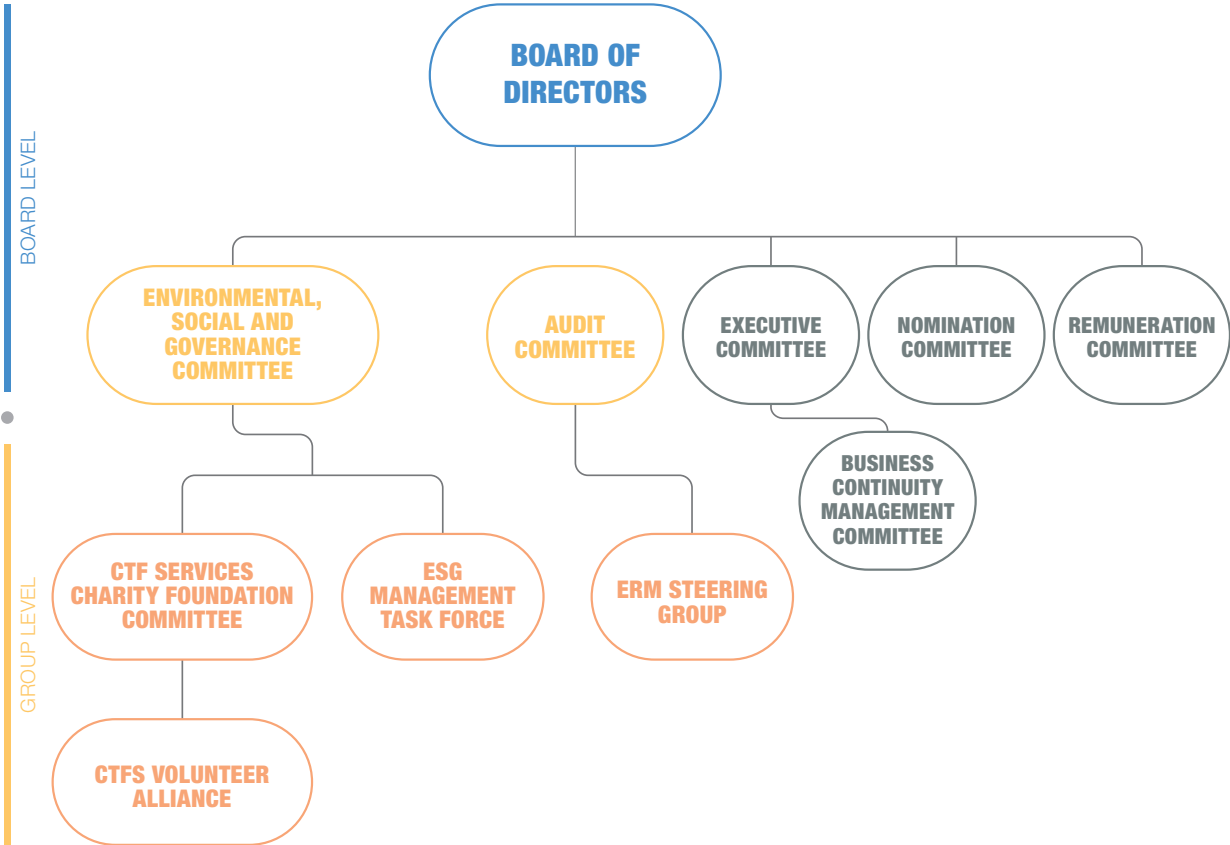
ISO 31000:2018 standards.

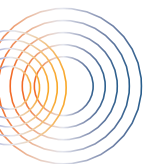




ESG GOVERNANCE STRUCTURE

Our Board of Directors and senior management are directly responsible for developing and implementing our sustainability strategy, ensuring it aligns with our overall sustainability strategy and relevant ESG issues. Regular updates from both the Audit and ESG Committees help strengthen transparency and reinforce responsible governance. The ESG Committee, established by the Board and operating within its defined terms of reference, oversees the company’s sustainability initiatives and ensures ESG principles are integrated into strategic decision-making. It evaluates the effectiveness of our ESG framework and supports the alignment of our long-term goals with responsible business practices. This includes managing important ESG issues and monitoring the progress of our ESG strategy, Breakthrough 2050.





Environmental, Social and Governance Report Highlights

ADVANCE WITH AGILITY

We embed agility and resilience across our operations, viewing change as a driver of innovation and growth. To seize emerging opportunities, we cultivate a strong risk management culture and integrate ESG into investment and capital decisions. Innovation and digitalization are key to enhancing efficiency, customer experience, and sustainability — leveraging technologies like data analytics, automation, and digital platforms. We also utilize green and sustainable finance to support climate adaptation, digital transformation, and supply chain resilience. This holistic approach enables us to navigate uncertainty and create long-term, responsible value.

Key Updates from FY2025

 Secured HK\$18.6 billion in green and sustainability financing.	 Procured 14 GWh of GECs in FY2025, expected to enable >5,600 tCO₂e of emission reductions to support our decarbonization goals.
 Added High Conservation Value (HCV), High Carbon Stock (HCS) forest areas and peatlands for palm oil production to the investment exclusion list.	 Successfully ran our Imp[ACT] Fund initiative for a second year, with Hip Hing's "Distant Tower Crane Command System" winning top prize.

SUSTAINABLE FINANCE AND INVESTMENT

As of 30 June 2025, our total Sustainability-Linked Loans and Green Debt Financing amounted to HK\$18.6 billion, representing 39% of our Total Debt portfolio. These green financing instruments are tied to key sustainability targets, including reductions in Scope 1 & 2 greenhouse gas emissions and non-hazardous waste intensity, enhanced disclosure of externally verified Scope 3 emissions, and the maintenance of our external sustainability ratings, such as the Hang Seng Corporate Sustainability Index.

Under the ESG framework of Breakthrough 2050, CTFS has committed to achieving a 50% reduction in Scope 1 and 2 greenhouse gas emissions by 2035 relative to 2023 level. In the near term, CTFS will focus on strategic investments in renewable energy projects in the Mainland to accelerate the low-carbon transition in the region and progress toward our emission reduction targets.

To navigate the complexities of Green Electricity Certificates ("GEC") procurement and to ensure alignment with international standards such as RE100, CTFS Group engaged an Asia-focused Carbon Management Consultancy to develop a comprehensive and tailored strategy. Following a rigorous evaluation of available GEC options, CTFS procured 14 GWh of GECs in FY2025. This procurement is expected to enable more than 5,600 tCO₂e of emission reductions, supporting the progress of CTFS's Scope 2 decarbonization.





EVOLVE SUSTAINABLY

At CTFS, we view the sustainability transition as an opportunity to lead by example — embedding ESG principles into our operations, products, and services to create value and drive impact. We address climate risks through assessments, adaptation strategies, and science-based emissions reduction targets, with energy and carbon management central to our low-carbon transition. In parallel, we promote circularity through waste reduction, recycling, and sustainable design, while advancing responsible sourcing and resource efficiency across our supply chain. Biodiversity and land use are also prioritized, with attention to evolving disclosure frameworks. This integrated approach enables us to meet emerging challenges and contribute to a more sustainable future.

Key Updates from FY2025

Completed a

1.5°C pathway

feasibility assessment for our Phase II business units, Roads and Logistics, as well as for other sector emissions across our value chain. These findings have been used to develop the 2050 CTFS Net Zero Pathway.



Began disclosing externally verified material

Scope 3 emissions

for our corporate office and construction and insurance business units.



Hip Hing and CTF Life's

near-term targets

have been validated by the **SBTi**.



Reduced **↓19%**
GHG emissions
compared to FY2023.



Reduced

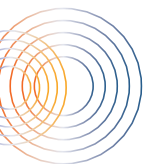
↓18% and 11%
water use and
water intensity
compared to FY2024.



Reduced **↓9%**
general waste
to landfill

(exclude Hip Hing Group)
compared to FY2024.





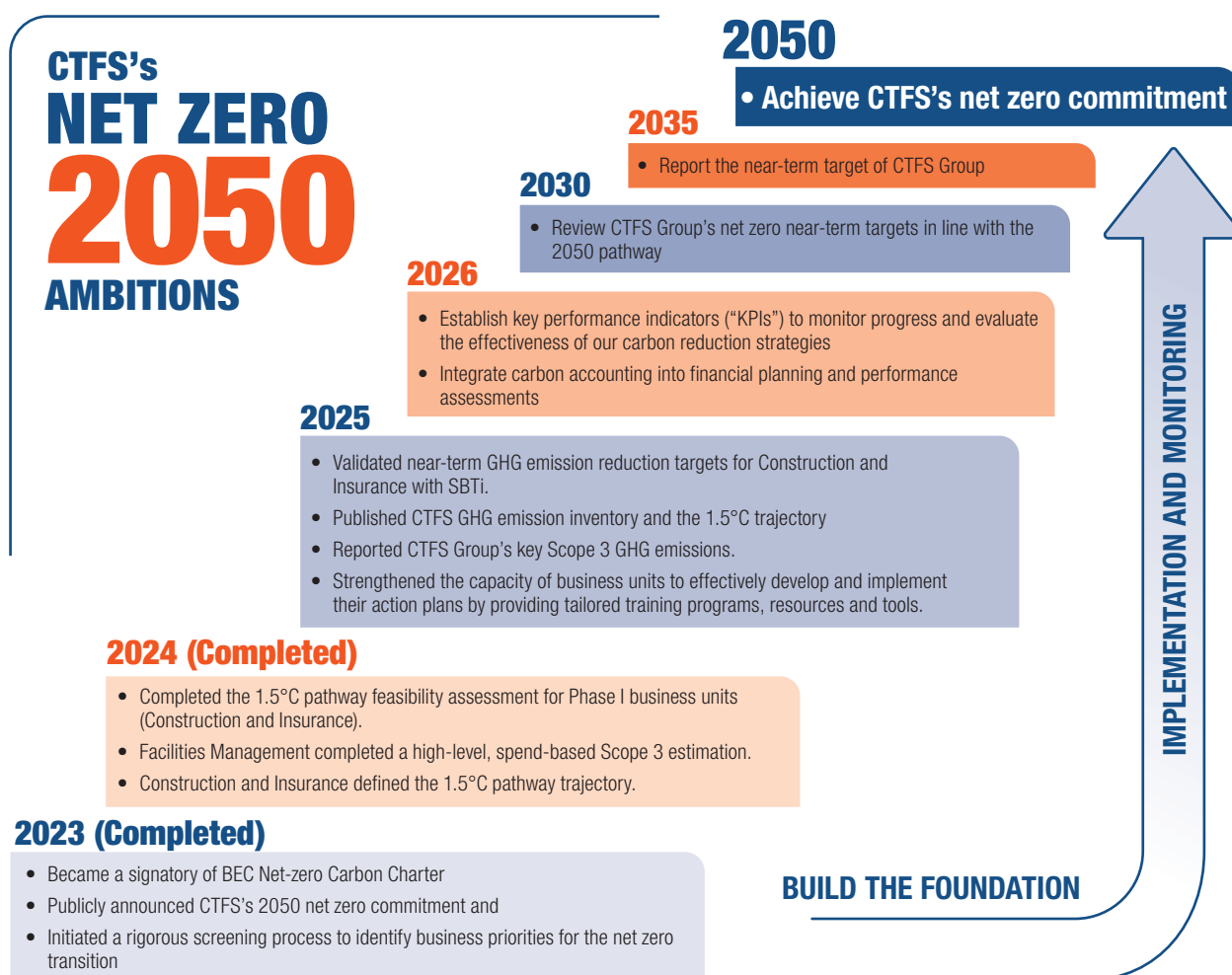
Environmental, Social and Governance Report Highlights

CLIMATE

To help our stakeholders better understand our approach to climate-related business risks and opportunities, we have prepared climate-related disclosures with reference to the ISSB's IFRS S2 Climate-related Disclosures Standard and the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). For the full climate report, please refer to our ESG report.

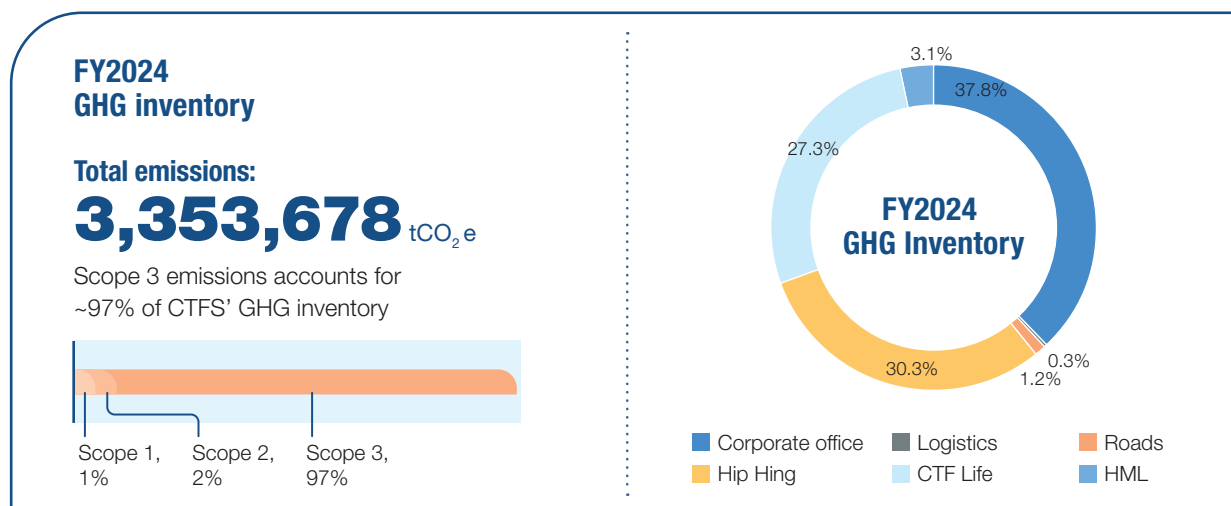
CTFS integrates climate and nature considerations into strategy, risk management, and capital allocation. Through our Breakthrough 2050 initiative, we target net-zero emissions by 2050, following a phased approach aligned with Science-Based Targets initiative ("SBTi") standards. We are also committed to no deforestation and land conservation through responsible investing and supply chain practices.

CTFS's Net Zero 2050 Ambitions





CTFS Group's FY2024 GHG Emission Inventory



CTFS's FY2024 GHG inventory shows a total footprint of 3,353,678 tCO₂e, with Scope 3 accounting for 3,267,557 tCO₂e (97%) and Scope 1 and 2 together making up 86,121 tCO₂e (3%). Within Scope 3, the largest contributors are our Corporate Office (1,268,169 tCO₂e), Hip Hing (973,248 tCO₂e), and CTF Life (915,960 tCO₂e). Other significant sources include HML (72,242 tCO₂e), Roads (30,240 tCO₂e), and Logistics (7,698 tCO₂e).

Scope 1 and 2

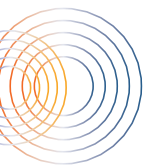
Approximately 86% of CTFS's Scope 1 and 2 emissions arise from on-site operations at Hip Hing and HML, and are dominated by purchased electricity.

Scope 3

Scope 3 emissions make up around 97% of CTFS's GHG emissions are predominantly from Category 15 — Investments, and Category 1 — Purchased Goods and Services.

Our Net Zero Trajectory

The preliminary emission-reduction pathway for Group-level Scope 1, 2, and 3 emissions was developed using estimated FY2023 and FY2024 GHG inventories and the SBTi target-setting tool for near-term and long-term targets. Based on CTFS's FY2023 baseline 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.



Our Performance in FY2025

HIP HING

Progress towards Scope 1 and 2 target (location-based)

- Reduced absolute Scope 1 and 2 GHG emissions 17% from a FY2023 baseline year.

Progress towards Scope 3 target

- Reduced absolute scope 3 GHG emissions from purchased goods and services 22% from a FY2023 baseline year.

CTF LIFE

Progress towards Scope 1 and 2 target (location-based)

- Reduced absolute Scope 1 and 2 GHG emissions 5% from a FY2023 baseline year.

Progress towards Scope 3 targets

- 31% of its listed equity and corporate bond portfolio by invested value setting SBTi-validated targets from a FY2023 baseline year.

CTFS

Progress towards Scope 1 and 2 target (location-based)

- Reduced absolute Scope 1 and 2 GHG emissions 13% from a FY2023 baseline year

Progress towards Scope 3 target

- Began formal reporting of financed emissions linked to CTFS's corporate operations

CTF Life and Hip Hing Successfully Validated SBTi Near-Term GHG Emissions Reduction Targets

CTF Life and Hip Hing have received official validation from the Science Based Targets initiative ("SBTi") for their near-term greenhouse gas emissions reduction targets. These commitments from CTF Life and Hip Hing demonstrate the Group's efforts to support the transition towards climate goals across the diverse sectors we participate in. In particular, CTF Life is the first company from the Banks, Diverse Financials and Insurance sector that primarily operates in the Greater Bay Area to receive this validation.



SOLUTIONS IN ACTION



Construction

Optimizing Engineering and Construction Process: Distant Tower Crane Command System

Hip Hing continues to drive innovation in smart construction through the deployment of a remote-controlled tower crane system that enhances safety and operational efficiency. The system enables operators to control cranes from ground-level cabins while accessing real-time data, such as wind speed and load weight, significantly reducing the risks associated with working at heights. Equipped with multi-angle HD cameras, AI-assisted vision, and collision detection, the system replicates the crane's operational environment to support precise lifting and real-time safety evaluations.



Facilities Management

Utilizing Smart Technology in the HKCEC

HML has implemented a comprehensive Building Management System ("BMS") to optimize the operations and sustainability performance of the HKCEC. This advanced control system integrates HVAC, lighting, security, fire safety, and other building functions into a centralized platform, enabling intelligent automation and real-time monitoring. Complementing the BMS, HML also uses Internet of Things ("IoT") sensors to monitor indoor air quality and detect water leakages, setting a benchmark in the industry for smart building integration.

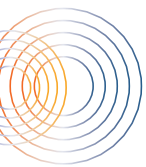


Roads

Smart Systems Implemented Across Our Road Operations

CTFS has continued to make strides in enhancing the safety, intelligence, and sustainability of our expressway operations. In September 2024, Hunan CTFS Expressway completed the installation of high-definition video surveillance across the entire 65-kilometer route. This infrastructure upgrade enables real-time incident detection and rapid response coordination, contributing to safer and more resilient roadways. Other expressways have also adopted the smart surveillance system to better monitor their routes.





Environmental, Social and Governance Report Highlights



Financial Services Values Beyond Insurance



CTF Life continues to introduce innovative, specially-crafted insurance products designed to support individuals and families through every stage of life. With a focus on affordability, flexibility, and extensive coverage, our MediCare Medical Insurance Plan empowers our customers to access quality healthcare while maintaining financial stability.

Launched to meet the growing demand for sustainable and inclusive health protection, MediCare offers a wide range of benefits that adapt to evolving healthcare needs. This includes comprehensive reimbursement of medical expenses and a guaranteed lifetime renewal option until 128 years of age.



Logistics Warehouse Lighting Upgrade



To enhance operational efficiency and align with CTFS's sustainability goals, our Suzhou Logistics Center undertook a lighting system upgrade project in FY2025. Originally built in 2021 with traditional lamps, the warehouse faced challenges including high energy consumption and frequent maintenance. These inefficiencies not only increased operational burdens but also conflicted with CTFS's sustainability commitments.

By replacing outdated lighting with energy-efficient LED fixtures and adopting the use of smart meters and lighting control systems, we have been able to reduce electricity usage, improve lighting quality for warehouse staff, and lower maintenance demands, contributing to our carbon reduction efforts.

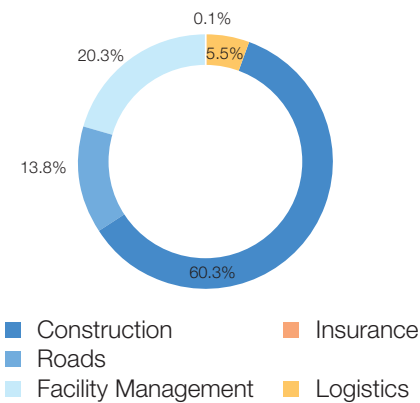


Water

Over the past year, we have made meaningful progress in water conservation, achieving a significant reduction of 18% in water consumption and 11% in water intensity across the Group. Across our operations, Hip Hing remains the largest consumer of water, followed by our roads business and HML. Tracking this data enables the ongoing efforts of all business units to optimize water use and strengthen long-term sustainability.

West Lake Service Area features a greywater reuse and wastewater treatment system with a daily capacity of 800 tonnes for road surface cleaning and toilet flushing. In the green area, a rainwater collection pond captures an additional >400 tonnes of rainwater for on-site irrigation. The annual water savings total about 48,000 m³ — roughly the water use of 400 typical households annually. It has been designated as one of the Ministry of Transportation’s first highway service-area “Water-Saving Station” demonstration points.

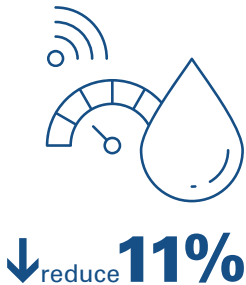
FY2025 Water Consumption by Business Units

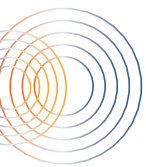


Water Intensity

FY2025
42.8 m³
/HK\$ million

FY2024
48.3 m³
/HK\$ million





Environmental, Social and Governance Report Highlights

GROW AS ONE

We foster an inclusive, diverse, and empowering workplace where all individuals have equal opportunities to thrive. Our people-first approach prioritizes well-being, safety, and continuous learning, while extending support to employees' families. To build a resilient talent pipeline, we engage emerging talent and offer meaningful development pathways. Health and safety are foundational to our business, and these crucial aspects are supported by proactive systems and a culture of care. We champion diversity, uphold human rights, and promote ethical practices across our operations and supply chains, strengthening collective resilience and driving sustainable progress.

Key Updates from FY2025

Our 2025 Employee Engagement Survey received over

1,000 responses,

with a participation rate of 94% across the Group. We received an Overall Engagement Score of 75%, which is 6% above the market norm.



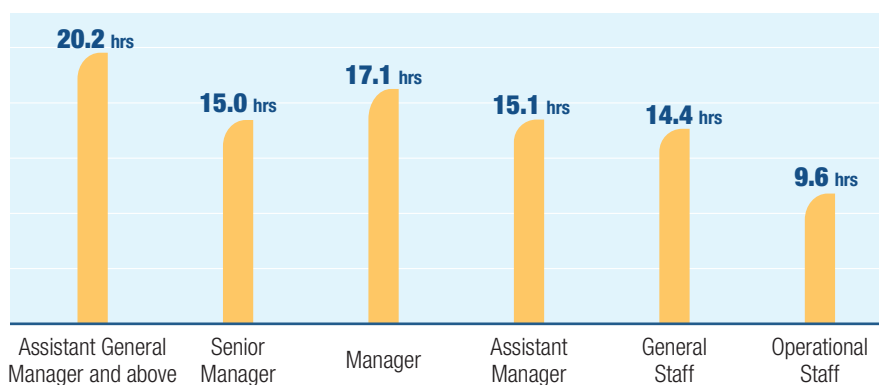
Our LTIR was 0.5 during the reporting period, greatly surpassing our target of 3.0. Additionally, our

↓ Lost Day Rate

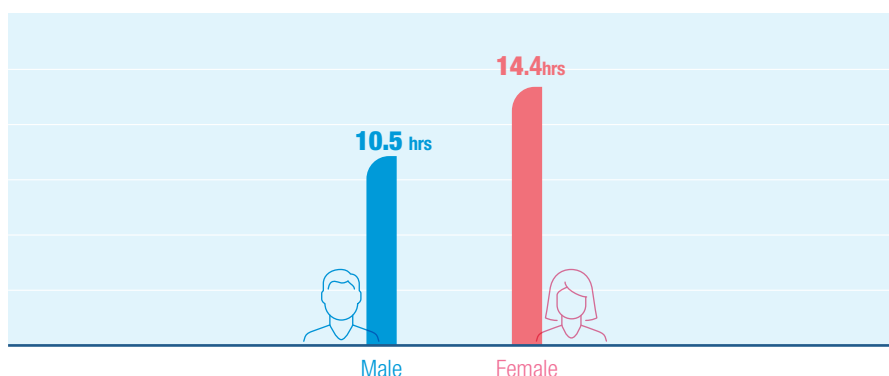
has been reduced to 41.9 per 100 employees.



Average Training Hours Per Employee by Category

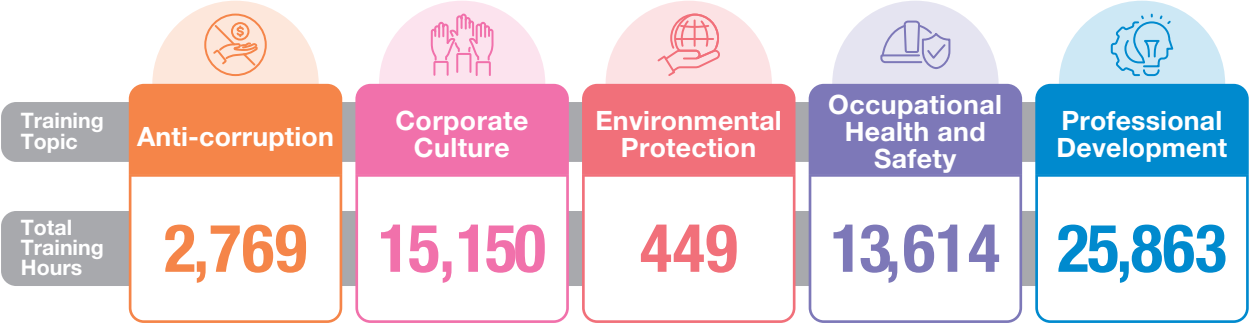


Average Training Hours Per Employee by Gender





Training Hours by Training Topics

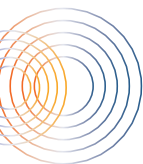


Leadership Training

22 recently promoted Assistant General Managers across the group were nominated to participate in the Ivey Asia Leadership Certificate Course. In addition, CTF Life has entered into a strategic partnership with the Institute of Knowledge Exchange of The Hang Seng University of Hong Kong to co-develop tailor-made executive training programs in finance and insurance. These programs are designed to equip CTF Life's life planners with advanced professional knowledge and practical skills, enhancing service quality and customer experience. This signaling our commitment to building a robust leadership pipeline aligned with our long-term strategic priorities.



- The Memorandum of Understanding Signing Ceremony was attended by senior leaders from both organizations, including CTF Life's Executive Director and CEO Mr. Man Kit Ip and HSUHK President Professor Simon Shun-Man Ho.



Environmental, Social and Governance Report Highlights

ESG Capacity Building

From monthly 30-minute ESG mini-fireside chats to our annual Evolve Conference, CTFS Group is working diligently to foster cross-functional collaboration and knowledge exchange. Through the Imp[ACT] Fund, our teams have explored best practices in sustainability at sites like Nina Park, Lok Sin Village, NENT Landfill, and TKO Desalination Plant, translating ideas into action. Additionally, our 45 Imp[ACT] Leaders are helping to drive ESG initiatives and strategic planning across business units, aligning strategy with risk, enhancing innovation, and accelerating our journey toward a more resilient and responsible future.



● Various ESG Capacity Building activities



Health and Safety

Given our focus and commitment to employees and their families, health and safety are paramount at CTFS, and our actions extend beyond regulatory requirements. Our Occupational Safety and Health (“OSH”) management system spans diverse business units, proactively addressing potential workplace disruptions and crises, and we integrate health and safety risks into our ERM. We are also working to leverage emerging technologies such as automation and robotics to mitigate work-related accidents and illnesses.

To ensure continuous improvement, we adhere to international standards, including International Labor Organization (“ILO”) Guidelines on Occupational Safety and Health Management System (“OSHMS”), Occupational Safety and Health Ordinance (Cap. 509) and the Companies Ordinance (Cap. 622), updating our system as needed.





CREATE SHARED VALUE

We aim to advance economic and social progress while maintaining market competitiveness through strong, equitable partnerships across our value chain. Strategic collaborations help us address complex challenges and unlock shared opportunities. Across our supply chain, we promote ethical sourcing and sustainability, while our community investments focus on education, health, inclusion, and climate resilience — ensuring our efforts are locally impactful and globally aligned.

Key Updates from FY2025



CTF Services Charity Foundation Limited contributed **HK\$1.29 million** to support our communities.



CTF Life sponsored the Asian Actuarial Conference 2024, which brought together over **1,000 actuaries** and industry leaders to explore the evolving actuarial landscape across Asia.



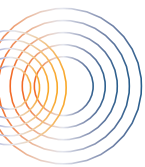
The HKCEC was accredited with the **Gold Certification** for MICE Venues by CrescentRating, becoming the first convention and exhibition venue in Hong Kong to receive the highest level of certification for Muslim-friendly facilities.

Charity Foundation Key Updates in FY2025

Our unwavering commitment to giving back to society through social innovation projects and volunteering has led to CTFS being recognized as a “Caring Company” by the Hong Kong Council of Social Service for 22 consecutive years. Our members’ companies, including CTF Life, Hip Hing, Vibro, HML, and Urban Parking have also been awarded for 15 or 20 years plus caring company logo.

Additionally, the CTFS and Hip Hing-Vibro Volunteer Team received the Gold Award for Corporate (Hours of Service Award) and the Bronze Award for Corporate (Hours of Service Award), respectively, at the Hong Kong Volunteer Award 2024. The award, co-organized by the Home and Youth Affairs Bureau and the Agency for Volunteer Service, recognizes their dedication to volunteer services during the year.





CTFS “EXP” Journey by St. James’ Settlement Upcycling Centre

To elevate students’ problem-solving skills by partnering with PolyU Design School, conducting empowerment and capacity-building activities, and delivering user-centered, upcycled solutions that address the needs of elderly with dementia, children with Attention Deficit Hyperactive Disorder (“ADHD”), and Persons with Disabilities (“PwDs”).



- Ten Site Visits to understand the needs of people with dementia and their care takers, children with ADHD and PwDs.
- Ten expert sharing sessions on upcycling, ESG, social impact and financial planning
- 14 prototypes developed (70+ students engaged) with five finalists presented to the judging panels
- Two CTFS “EXP” Journey Award winners, each receiving HK\$200,000 startup funding to turn their prototypes into reality
- 100 portable sensory toys for children with autism and 60 Music Box toolkits for dementia care were produced and donated to NGOs across Hong Kong

The Salvation Army Recycling Programme —

Outreach Workshops and Volunteer Services by Salvation Army

Collaborating with housing estates, shopping malls, and schools to organize collection campaigns through education talks to promote a culture of reuse.



- 22 outreach activities and workshops arranged
- 6,310 participants and volunteers engaged
- 16 new permanent items collection points
- Upgraded 1,323 pieces of warehouse equipment and items to increase sorting productivity

“Read to Learn Chinese” Phrase III by Christian Action

Enhance Chinese language skills (speaking and writing) for ethnic minority children and strengthen their families’ social integration.



- 32 Chinese enhancement classes for ethnic minority students
- 20 ethnic minority students engaged
- One financial talk and three health talks for ethnic minority women



Connect-to-care by Ronald McDonald House Charities Hong Kong

To create a “one-stop shop” platform for RMHC house guests, community members, partners, and staff, streamlining communications, maximizing resource utilization, and providing comprehensive support to those in need.



- Mobile app launched on 29 April 2025
- 270 download users
- 216 new registers (including house families and public)

Care for Self-Care by Hong Kong Young Women’s Christian Association

Empower caregivers to continue learning haircutting skills, develop personal talents, and enhance their self-efficacy. Transform caregivers into volunteer leaders by partnering with CTFS Volunteer Alliance haircut teams to provide volunteer haircut services in communities



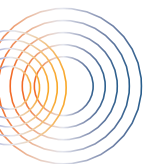
- 12 caregivers joined five haircutting training
- 13 volunteer activities in centers and elderly home
- 317 beneficiaries

Walking Along with You (“WAY”) by United Christian Nethersole Community Health Service



Increase chronic patients’ engagement in exercise to promote sustained physical and mental health, and provide care while expanding social interactions for patients and their caregivers through visits and group trips.

- 20 Exercise Workshops and Cooking Classes
- Three Elderly Home Visits
- 368 beneficiaries



“Kai Fong” Masters on Energy Saving and Waste Reduction Pilot Scheme by Tung Wah Group of Hospitals



To build up social capital by training “Kai Fong” masters to promote and facilitate waste reduction practice and energy saving living for deprived families

- Enhanced the repair skills of 80 Kai Fong masters and volunteers from CTFS and schools
- Four repairing days
- 286 LED lights changed
- 130 electric fans installed
- 70 air conditioners cleaned
- Improved energy efficiency for 306 deprived families

Report of the Directors



The directors of CTF Services Limited submit their report together with the audited consolidated financial statements of the Group for FY2025.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the annual general meeting of the Company held on 22 November 2024, the name of the Company has been changed from “NWS Holdings Limited” to “CTF Services Limited” and “周大福創建有限公司” has been adopted as the secondary name in Chinese, both of which took effect on 22 November 2024.

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 10 to 33) sections. Particulars of significant events affecting the Group that have occurred since the end of FY2025, 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 90 to 115). An analysis using financial key performance indicators is provided in the “Financial Highlights” section (pages 8 and 9). Description of the Group’s relationships with its key stakeholders is included in the “Corporate Governance Report” (pages 44 to 89) and the “Environmental, Social and Governance Report Highlights” (pages 116 to 136) sections as well as our separate 2025 ESG Report. Furthermore, the Group’s environmental policies and performance are set out in the “Environmental, Social and Governance Report Highlights” section (pages 116 to 136) and our separate 2025 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 44 to 89) and the “Environmental, Social and Governance Report Highlights” (pages 116 to 136) sections as well as our separate 2025 ESG Report.

This 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 2025 are set out in the financial statements on pages 168 to 316.

The Board has resolved to recommend a final ordinary dividend for FY2025 (the “FY2025 Final Dividend”) of HK\$0.35 per share (2024: HK\$0.35 per share) in cash with a scrip option, to the shareholders whose names appear on the register of members of the Company on 24 November 2025. Each shareholder who elects to receive the FY2025 Final Dividend wholly or partly by way of the allotment of shares will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash. Together with the interim ordinary dividend of HK\$0.30 per share (2024: HK\$0.30 per share) and the special dividend of HK\$0.30 per share for FY2025 (2024: special dividend of HK\$1.79 per share) paid in April 2025, total distribution of dividend by the Company for FY2025 will be HK\$0.95 per share (2024: HK\$2.44 per share).

Subject to the passing of the relevant resolution at the 2025 AGM, it is expected that the FY2025 Final Dividend will be paid on or about 23 December 2025.

SUBSIDIARIES

Particulars of the Company’s principal subsidiaries are set out in note 48 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 49 and 50 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 47 and 33 to the financial statements respectively.

DISTRIBUTABLE RESERVES

At 30 June 2025, the Company’s reserves available for distribution amounted to HK\$13,783.2 million (2024: HK\$16,706.7 million).



DONATIONS

During the year, the charitable donations made by the Group amounted to HK\$0.6 million (2024: HK\$1.1 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, a total of 12,309,373 ordinary shares of the Company were issued upon conversion of the 4.0% Convertible Bonds issued by the Company. Please refer to the “Debentures Issued and Redeemed” section of this report of the directors for further details of the 4.0% Convertible Bonds.

Details of the movements in the issued share capital of the Company during the year are set out in note 32 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 24 November 2025. The bonus shares will not be entitled to the FY2025 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 2025 AGM, it is expected that the bonus shares will be distributed to the shareholders on or about 9 December 2025.



DEBENTURES ISSUED AND REDEEMED

During the year ended 30 June 2025, the Company had issued convertible bonds and certain of its wholly owned subsidiaries had issued guaranteed senior perpetual capital securities and notes and redeemed guaranteed senior perpetual capital securities, details of which are as follows:

1. On 10 July 2024, Celestial Miles Limited, an indirect wholly owned subsidiary of the Company, redeemed all the outstanding US\$268.2 million in the aggregate principal amount of senior perpetual capital securities.
2. On 22 August 2024, Celestial Dynasty Limited, an indirect wholly owned subsidiary of the Company, issued US\$400.0 million 6.375% guaranteed senior notes due 2028 at the issue price of 99.265% of the principal amount. The net proceeds from the issue of the senior notes of US\$400.0 million (equivalent to approximately HK\$3,120.0 million) after deduction of underwriting commissions and expenses were approximately US\$394.0 million (equivalent to approximately HK\$3,073.2 million) and were used for general corporate purposes of the Group.
3. The public float of the Company remained slightly below the minimum public float requirement of 25% prescribed in Rule 8.08(1)(a) of the Listing Rules. Having considered that issue of convertible bonds was an appropriate initiative for the Company to restore public float, the Company issued the 4.0% Convertible Bonds on 22 January 2025 and the bonds were placed with no less than six independent placees who are professional investors engaging in business involving buying, selling or investing in securities outside the United States of America. The 4.0% Convertible Bonds, with an issue price of 100% of the aggregate principal amount of HK\$780.0 million, are listed on the Vienna Stock Exchange, bear interest at the rate of 4% per annum and are convertible into fully paid ordinary shares of the Company at the initial conversion price of HK\$8.043 per share subject to and upon compliance with the terms and conditions of the 4.0% Convertible Bonds. The closing price of the shares of the Company on 15 January 2025, being the trading day on which the subscription agreement for the 4.0% Convertible Bonds was signed, was HK\$7.660.

Pursuant to the terms and conditions of the 4.0% Convertible Bonds, it may be redeemed at the option of the bondholders for delisting or change of control of the Company; or may be redeemed at the option of the Company for taxation reasons or if 90% or more in the aggregate principal amount of bond originally issued have been converted, redeemed or purchased and cancelled. The outstanding amount of 4.0% Convertible Bonds shall be redeemed by the Company on maturity date (i.e. 22 July 2025) together with accrued and unpaid interest thereon.

On the last day of conversion period (i.e. the date falling five days prior to the maturity date on 22 July 2025), it would be equally financially advantageous, when the bondholders convert the 4.0% Convertible Bonds in circumstances where the market price of the shares of the Company approximates to conversion price, or hold for them for redemption by the Company upon maturity (assuming the bonds are not required to be redeemed by other reasons as mentioned above), based on the implied internal rate of return of the 4.0% Convertible Bonds, having taken into account the term of interest make-whole. 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 the maturity date.

Please refer to the announcement of the Company dated 15 January 2025 for further details.



The shares of the Company upon conversion of the 4.0% 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.

The gross proceeds and net proceeds from the issue of the 4.0% Convertible Bonds were HK\$780.0 million and approximately HK\$769 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 2025 HK\$m	Amount unutilized as at 30 June 2025 HK\$m	Expected timeline for utilizing the remaining proceeds
(i)	Settlement of the principal and interest of a portion of the Group's bonds and/or loans	Approximately HK\$700 million	700	–	N/A
(ii)	Working capital purpose	Approximately HK\$69 million	69	–	N/A

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, the conversion price of the 4.0% Convertible Bonds was adjusted from HK\$8.043 per share to HK\$7.39 per share on 22 March 2025 pursuant to the terms and conditions thereof, increasing the maximum number of new shares of the Company convertible from the 4.0% Convertible Bonds from 96,978,739 shares to 105,548,037 shares. During the year ended 30 June 2025, an aggregate principal amount of HK\$96.0 million of the 4.0% Convertible Bonds was converted, resulting in the issuance of 12,309,373 ordinary shares of the Company, out of which 7,708,564 shares were converted at HK\$8.043 per share and 4,600,809 shares were converted at HK\$7.39 per share. As at 30 June 2025, the total outstanding principal amount of the 4.0% Convertible Bonds was HK\$684.0 million. Based on the adjusted conversion price of HK\$7.39 per share, the number of shares of the Company that may be issued upon full conversion of the outstanding 4.0% Convertible Bonds was 92,557,510 shares.

Please refer to the announcements of the Company dated 15 January 2025, 22 January 2025 and 26 February 2025 relating to the 4.0% Convertible Bonds for further details.



Report of the Directors

The following table sets forth the dilutive impact on the number of issued shares of the Company and respective shareholdings of the substantial shareholders of the Company as at 30 June 2025:

Name of Substantial Shareholder	Shareholding interest			
	As at 30.06.2025		Assuming full conversion of the outstanding 4.0% Convertible Bonds at the adjusted conversion price of HK\$7.39 per share	
	Number of shares	Approximate percentage to the issued share capital of the Company	Number of shares	Approximate percentage to the issued share capital of the Company
Century Acquisition Limited	2,925,701,291	72.96%	2,925,701,291	71.32%
CTF Enterprises	97,034,424	2.42%	97,034,424	2.36%
Chow Tai Fook Nominee Limited	22,012,500	0.55%	22,012,500	0.54%
Other Shareholders	952,791,870	23.76%	952,791,870	23.22%
Bondholders (Note 1)	12,309,373	0.31%	104,866,883	2.56%
Total	4,009,849,458	100.00%	4,102,406,968	100.00%

Note:

1. Assuming the bondholders have not disposed of any shares after conversion of the 4.0% Convertible Bonds.
2. For further details in relation to the shareholding interests of the respective substantial shareholders of the Company, please refer to the "Substantial Shareholders' Interest in Securities" section of this report of the directors.

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 37 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save for the 4.0% Convertible Bonds and share option scheme of the Company (the "2021 Share Option Scheme") disclosed in the "Debentures Issued and Redeemed" section and "Share Option Scheme" of this report of the directors and notes 32 and 37 to the financial statements, no equity-linked agreements 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

No treasury share was held by the Company during the year ended 30 June 2025.

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 aggregate amount of revenue and purchases attributable to the Group's five largest customers and suppliers accounted for less than 30% of the Group's total revenue and purchases for FY2025 respectively.

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 FY2025 and remained in effect up to the date of this report.



Report of the Directors

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

Dr Cheng Chi Kong, Adrian

(resigned on 26 September 2024)

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, Mr Cheng Chi Ming, Brian, Mr Ho Gilbert Chi Hang, Mr Shek Lai Him, Abraham, Mr Wong Kwai Huen, Albert and Ms Ng Yuen Ting, Yolanda will retire by rotation at the 2025 AGM. All of the aforementioned directors, being eligible, will offer themselves for re-election at the 2025 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 44 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	Investment in healthcare business	Director
	FSE Lifestyle Services Limited group of companies	Carpark management	Director
	NWD group of companies	Facilities management, food and beverage operations and investment in healthcare business	Director
Mr Cheng Chi Ming, Brian	NWD group of companies	Facilities management, food and beverage operations and investment in healthcare business	Director
Mr Ho Gilbert Chi Hang	CTF Enterprises group of companies	Investment in healthcare business	Director
	NWD group of companies	Facilities management, food and beverage operations and investment in healthcare business	Director
Mr Cheng Chi Leong, Christopher	CTF Enterprises group of companies	Investment in healthcare business	Director
Dr Cheng Chi Kong, Adrian (Note 1)	NWD group of companies	Facilities management, food and beverage operations and investment in healthcare business	Director
Mr William Junior Guilherme Doo	FSE Holdings Limited group of companies	Carpark management	Director
	The Dynasty Club Limited	Food and beverage operations	Director (Note 2)
Mr Lam Wai Hon, Patrick	FSE Holdings Limited group of companies	Carpark management	Director
Mr Tsang On Yip, Patrick	CTF Enterprises group of companies	Investment in healthcare business	Director
	UMP Healthcare Holdings Limited group of companies	Investment in healthcare business	Director

Notes:

(1) Dr Cheng Chi Kong, Adrian resigned as a non-executive director of the Company on 26 September 2024.

(2) Mr William Junior Guilherme Doo resigned as the director of The Dynasty Club Limited in September 2024.

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 2025, 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

Name	Number of shares			Total	Approximate percentage of shareholding as at 30.06.2025
	Personal interests	Family interests	Corporate interests		
The Company					
(Ordinary shares)					
Mr William Junior Guilherme Doo	–	125,932 ⁽¹⁾	–	125,932	0.003%
<i>Associated corporation:</i>					
Chow Tai Fook Jewellery Group Limited (“CTFJ”)					
(Ordinary shares)					
Dr Cheng Kar Shun, Henry	21,635,200	420,000 ⁽²⁾	–	22,055,200	0.224%

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.



(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:

Name	Date of grant (Note 1)	Vesting period/ exercisable period	Number of share options					Balance as at 30.06.2025	Exercise price per share HK\$
			Balance as at 01.07.2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year		
The Company									
Dr Cheng Kar Shun, Henry	24 January 2025	(Note 2)	–	12,375,800	–	–	–	12,375,800	7.464
Mr Cheng Chi Ming, Brian	24 January 2025	(Note 2)	–	8,380,450	–	–	–	8,380,450	7.464
Mr Ho Gilbert Chi Hang	24 January 2025	(Note 2)	–	8,380,450	–	–	–	8,380,450	7.464
Mr Lam Jim	24 January 2025	(Note 2)	–	8,161,110	–	–	–	8,161,110	7.464
Mr Cheng Chi Leong, Christopher	24 January 2025	(Note 2)	–	7,753,950	–	–	–	7,753,950	7.464
Mr William Junior Guilherme Doo	24 January 2025	(Note 2)	–	867,100	–	–	–	867,100	7.464
Mr Tsang On Yip, Patrick	24 January 2025	(Note 2)	–	867,100	–	–	–	867,100	7.464
Mr Shek Lai Him, Abraham	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464
Mr Lee Yiu Kwong, Alan	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464
Mrs Oei Wai Chi Grace Fung	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464
Mr Wong Kwai Huen, Albert	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464
Professor Chan Ka Keung, Ceajer	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464
Ng Yuen Ting, Yolanda	24 January 2025	(Note 2)	–	1,856,400	–	–	–	1,856,400	7.464

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 cash consideration paid by each of the directors for the grant of share options is HK\$10.

(4) 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, the following 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 01.07.2024 (Note 1)	Granted during the year (Note 2)	Vested during the year	Lapsed/ cancelled during the year	Balance as at 30.06.2025
Dr Cheng Kar Shun, Henry	335,600	854,400	—	—	1,190,000
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		

Save as disclosed above, as at 30 June 2025, 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 had 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.

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.
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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.
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 185,947,392 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 209,086,063 ordinary shares, representing approximately 5.19% 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.
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	Any period as determined by the directors.
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.



Report of the Directors

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 6 years and 2 months.

During the year ended 30 June 2025, 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:

Date of grant (Note 1)	Vesting period/ exercisable period	Number of share options					Balance as at 30.06.2025	Exercise price per share HK\$
		Balance as at 01.07.2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year		
24 January 2025	(Note 2)	–	42,044,982	–	(1,482,991)	–	40,561,991	7.464

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 consideration paid by each of the eligible participants for the grant of share options was HK\$10.
- (4) 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.
- (5) The grant of options during the year ended 30 June 2025 is not subject to any performance target. The view of the Company's remuneration committee in relation thereto is set out in the Company's announcement dated 24 January 2025.
- (6) 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\$1.12 and HK\$1.08 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\$7.31 on the date of grant, the risk-free rate of 3.80% 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 expected option life of ten years.
- (7) The weighted average closing price of the shares immediately before the dates on which the options were exercised during the year ended 30 June 2025 was not applicable as no option was exercised during the year.

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 2025 are 307,216,934 and 208,730,583 respectively.

As at 30 June 2025, 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 2025 divided by the weighted average number of shares of the Company for the year ended 30 June 2025 is calculated as follows:

$$= \frac{(a)}{(b)} = \frac{98,486,351}{4,000,178,333} = 2.46\%$$

Whereas,

- (a) represents number of shares that may be issued as at 30 June 2025 for share options granted during the year ended 30 June 2025.
- (b) represents weighted average number of shares in issue for the year ended 30 June 2025.

Save as disclosed above, as at 30 June 2025, 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 2025, 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:

Name	Number of shares			Total	Approximate percentage to the issued share capital of the Company as at 30.06.2025
	Beneficial interests	Corporate interests	Other interests		
Cheng Yu Tung Family (Holdings) Limited	–	3,044,748,215 ⁽¹⁾	–	3,044,748,215	75.93%
Cheng Yu Tung Family (Holdings II) Limited	–	3,044,748,215 ⁽²⁾	–	3,044,748,215	75.93%
CTFC	–	3,044,748,215 ⁽³⁾	–	3,044,748,215	75.93%
CTFH	–	3,044,748,215 ⁽⁴⁾	–	3,044,748,215	75.93%
CTF Enterprises	97,034,424	2,925,701,291 ⁽⁵⁾	–	3,022,735,715	75.38%
Century Acquisition Limited	2,895,701,291	–	30,000,000 ⁽⁷⁾	2,925,701,291	72.96%

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 81.03% 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 also held 99.90% direct interest in Chow Tai Fook Nominee Limited and was accordingly deemed to have an interest in the 22,012,500 shares interested by Chow Tai Fook Nominee Limited.
- (5) CTF Enterprises held 100% direct interest in Century Acquisition Limited and was accordingly deemed to have an interest in the shares interested by Century Acquisition Limited.
- (6) All the interests stated above represented long positions.
- (7) The 30,000,000 ordinary shares of the Company were lent and delivered by Century Acquisition Limited to UBS AG, London Branch pursuant to the Stock Borrowing and Lending Agreement as disclosed in the Company's announcement dated 15 January 2025.

Save as disclosed above, as at 30 June 2025, 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 146 to 148) 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

According to information that is available to the Company, the percentage of the Company's shares which are in the hands of the public is approximately 24.47% up to the date of this report, which remains slightly below the minimum public float requirement of 25% prescribed in Rule 8.08(1)(a) of the Listing Rules. On 15 September 2025, the Hong Kong Stock Exchange granted to the Company a temporary waiver from strict compliance with the public float requirements for a period up to 30 April 2026.

The Company is taking appropriate steps to restore the required minimum public float as soon as practicable. Prior to the issuance of the 4.0% Convertible Bonds, the public float was approximately 23.83%. As mentioned in the "Debentures Issued and Redeemed" section of this report of the directors, 12,309,373 shares of the Company have been issued on conversion of the 4.0% Convertible Bonds and the public float was increased to approximately 24.07% as at 30 June 2025. Subsequently, an additional 15,967,518 shares of the Company have been issued on conversion of the 4.0% Convertible Bonds, further increasing the public float to 24.37%.

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 a concurrent repurchase of the outstanding 4.0% Convertible Bonds and issuance of the 2.8% Convertible Bonds on 18 July 2025. Upon full conversion of the 2.8% Convertible Bonds and on the assumption that there will be no other change to the share capital of the Company, the public float would be increased to approximately 26.40%. Up to the date of this report, 5,215,122 shares of the Company have been issued on conversion of the 2.8% Convertible Bonds, increasing the public float to 24.47%.

For more details of the status of public float, please refer to the composite offer and response document dated 13 October 2023 jointly issued by CTF Enterprises, Century Acquisition Limited and the Company in relation to, inter alia, the offer to acquire all the issued shares of the Company (other than those already beneficially owned by the CTFH Group (as defined in the composite offer and response document)) and the announcements of the Company dated 23 November 2023, 5 December 2023, 19 April 2024, 23 May 2024, 30 May 2024, 24 March 2025, and 16 September 2025.

MAJOR ACQUISITIONS AND DISPOSALS

1. On 22 July 2024, Power Might Enterprises Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Efficient League Limited and Golden Celosia Limited as the vendors (Golden Celosia Limited being wholly owned by Chow Tai Fook Nominee Limited) and Chow Tai Fook Nominee Limited as the vendor guarantor, pursuant to which the Purchaser agreed to acquire the entire issued share capital of Hsin Chong Aster, together with the shareholder's loan owing by Hsin Chong Aster to Golden Celosia Limited, at an aggregate initial consideration of HK\$538.6 million, subject to adjustment, and so adjusted of not less than HK\$311.0 million but not more than HK\$1,000 million. The acquisition was completed in March 2025 and Hsin Chong Aster became an indirect wholly owned subsidiary of the Company. For more details, please refer to the "Connected Transactions" section of this report of the directors.
2. On 14 October 2024, Hyva I B.V. (a joint venture held as to 50% indirectly by the Company) and one of its subsidiaries entered into a conditional sale and purchase agreement with Jost-Werke International Beteiligungsverwaltung GmbH for the disposal of all of their entire interests in the Hyva Group. The enterprise value of the Hyva Group under the disposal amounted to US\$425 million. The transaction was completed in January 2025 along with the assignment of all indebtedness owing by the Hyva Group to the shareholders of Hyva I B.V.



3. On 18 March 2025, Valiant Voice Limited (“VVL”), an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Yuk Zhi Kai, Alan (“Mr. Yuk”) and Genius Professional Enterprises Limited (“Genius”) (“SPA (Genius)”) and another conditional sale and purchase agreement with Sinowise Holdings Limited (“Sinowise”), Country Magic Limited (“Country Magic”) and Mr. David Chau (“Mr. Chau”, together with Mr. Yuk, Genius, Sinowise and Country Magic, the “uSMART Vendors”) (“SPA (ex-Genius)”) for the acquisition of certain shares in uSMART by VVL from the uSMART Vendors and the entire issued share capital of Genius from Mr. Yuk. The aggregate consideration payable by VVL for the acquisitions shall be US\$131,783,592 (equivalent to approximately HK\$1,025 million). The acquisitions will be completed in two stages and are yet to complete up to the date of this report. Upon completion, VVL will directly and indirectly hold an aggregate of 2,402,891,704 shares in uSMART, representing approximately 43.93% of the issued share capital of uSMART. For more details, please refer to the “Connected Transactions” section of this report of the directors.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 30 June 2025.

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 “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 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 Medical Services Agreement constituted continuing connected transactions of the Company under the Listing Rules.



The Medical Services Agreement has a fixed term of three years commencing from 1 October 2022, unless terminated in accordance with the terms of the Medical Services Agreement.

During the year ended 30 June 2025, the contract amounts for the medical services under the Medical Services Agreement are summarized as follows:

Category	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Medical services by UMP Professional (or its applicable affiliates) to CTF Life	47.7	76.0

- (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), 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 2025, the contract amounts for the operational services under the CTF Enterprises Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the CTF Enterprises Group	48.7	112.0
Operational services by members of the CTF Enterprises Group to members of the Group	109.3	599.0



- (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), 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 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.

During the year ended 30 June 2025, the contract amounts for the operational services under the NWD Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the NWD Group	750.1	1,972.0
Operational services by members of the NWD Group to members of the Group	56.5	311.0



- (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), 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 2025, the contract amounts for the operational services under the DOO Master Services Agreement are summarized as follows:

Categories	Approximate total contract sum	Annual cap
	HK\$'m	HK\$'m
Operational services by members of the Group to members of the Services Group	6.2	41.0
Operational services by members of the Services Group to members of the Group	697.5	2,387.0



- (5) On 22 July 2024, Power Might Enterprises Limited (an indirect wholly owned subsidiary of the Company) (the “Purchaser”), Efficient League Limited and Golden Celosia Limited (together, the “Aster Vendors”) and a subsidiary of CTFH (as the Aster Vendor Guarantor) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”), pursuant to which the Aster Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to purchase from the Aster Vendors, the entire issued share capital of Hsin Chong Aster at an initial consideration of HK\$508.6 million to be adjusted in accordance with a performance bonus and adjustment mechanism. Golden Celosia Limited also conditionally agreed to sell and assign, and the Purchaser conditionally agreed to purchase and take assignment of, a shareholder’s loan with the principal amount of HK\$30 million in the consideration of HK\$30 million plus interests accrued thereupon up to the completion date. The total consideration for the aforementioned purchase of the entire issued share capital of Hsin Chong Aster and purchase and assignment of the shareholder’s loan (together, the “Aster Acquisition”) shall be subject to a cap of HK\$1,000 million. Hsin Chong Aster is a leading contractor in providing comprehensive electrical and mechanical engineering (“E&M”) services, and offers a full spectrum of solutions, including heating, ventilation and air conditioning systems, fire services, electrical installations and other E&M solutions.

CTFH, indirectly holding approximately 76.2% of the total issued share capital of the Company through its subsidiaries as at the date of entering into the Sale and Purchase Agreement, was a substantial shareholder and hence a connected person of the Company. Golden Celosia Limited, being wholly owned by Chow Tai Fook Nominee Limited, which was a subsidiary of CTFH, was therefore an associate of CTFH and hence a connected person of the Company. Accordingly, the Aster Acquisition constituted a connected transaction of the Company.



- (6) On 18 March 2025, VVL entered into (a) the SPA (Genius) with Genius as a vendor of uSMART and Mr. Yuk as the vendor of Genius and guarantor and (b) the SPA (ex-Genius) with Sinowise, Country Magic and Mr. Chau as vendors of uSMART and Mr. Xu Zheng and Mr. Kwok, Peter Viem, the respective ultimate beneficial owners of Sinowise and Country Magic, as guarantors, for the acquisition of certain shares of uSMART and the entire issued share capital of Genius (the "Acquisitions"), the completion of which shall take place in two stages as set out below:

	Agreements to which the Acquisitions relate	Number of shares in uSMART to be acquired by VVL	% of the issued share capital of uSMART
Stage 1			
Shares in uSMART held by Genius	SPA (Genius)	567,139,590	10.37%
Shares in uSMART held by Mr. Chau	SPA (ex-Genius)	36,230,360	0.66%
Shares in uSMART held by Country Magic	SPA (ex-Genius)	26,406,929	0.48%
Shares in uSMART held by Sinowise	SPA (ex-Genius)	84,069,274	1.54%
<i>Sub-total in Stage 1</i>		713,846,153	13.05%
Stage 2			
Entire issued share capital in Genius	SPA (Genius)	1,341,920,239 ^(Note 1)	24.53%
Shares in uSMART held by Mr. Chau	SPA (ex-Genius)	85,725,375	1.57%
Shares in uSMART held by Country Magic	SPA (ex-Genius)	62,481,960	1.15%
Shares in uSMART held by Sinowise	SPA (ex-Genius)	198,917,977	3.63%
<i>Sub-total in Stage 2</i>		1,689,045,551	30.88%
Total		2,402,891,704	43.93%

Notes:

1. These shares in uSMART will be indirectly held by VVL through the acquisition of Genius.
2. Total number of issued shares of uSMART: 5,470,085,469 shares.

The aggregate consideration payable by VVL for the Acquisitions shall be US\$131,783,592 (equivalent to approximately HK\$1,025 million).

As at the date of entering into the SPA (Genius) and the SPA (ex-Genius), CTFH indirectly held through its subsidiaries (i) an aggregate of approximately 10.85% interest in uSMART and was thus a substantial shareholder of uSMART and (ii) an aggregate of approximately 76.12% of the issued share capital of the Company and hence was a controller of the Company within the meaning of the Listing Rules. Accordingly, the Acquisitions constitute connected transactions under Rule 14A.28(1) of the Listing Rules.



Report of the Directors

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 and 29 May 2023 and the circular of the Company dated 5 June 2023. 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.

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 44 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 2025, approximately 10,400 staff were employed by entities under the Group's management of which approximately 3,600 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 FY2025 were HK\$3.105 billion (2024: HK\$2.999 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 to employees on an ongoing basis.

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 317 and 318.

AUDITOR

The financial statements for the year ended 30 June 2025 have been audited by PricewaterhouseCoopers, who will retire at the 2025 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 2025



Independent Auditor's Report



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 316, comprise:

- the consolidated statement of financial position as at 30 June 2025;
- 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the 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”), and we have fulfilled our other ethical responsibilities in accordance with the Code.



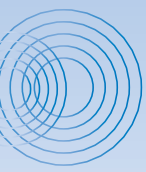
KEY AUDIT MATTERS

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 contract liabilities
- Valuation of investment properties held by the Group and its joint venture

Key Audit Matters	How our audit addressed the Key Audit Matters
(i) Valuation of insurance contract liabilities (Refer to note 36 to the consolidated financial statements) The Group had insurance contract liabilities of HK\$77,482 million as at 30 June 2025, representing approximately 58% of the Group's total liabilities. The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies and various economic and operating assumptions that are subject to a high degree of management's judgements. The key assumptions used in measuring the insurance contract liabilities include discount rates, mortality rates, lapse rates and expenses. We focused on this area due to significant management judgements and estimates required in the valuation of insurance contract liabilities at the end of reporting period.	We involved our in-house actuarial experts in performing the following audit procedures: • We obtained an understanding of the management's controls and processes of valuation of insurance contract liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated whether the methodologies were consistent with recognized actuarial practices in the insurance industry. We built independent models to test, on a sample basis, the algorithm within the actuarial models applied; • We assessed the reasonableness of the key assumptions used by management including discount rates, mortality rates, lapse rates and expenses based on the Group's own historical data and experience study and our industry knowledge and experience; • We performed analysis of the movements in insurance contract liabilities 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 • We 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 Matters	How our audit addressed the Key Audit Matters
(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 2025, the investment properties held by the Group were stated at fair value of HK\$4,950 million. The Group also shared significant interest in investment properties held by its joint venture of HK\$8,401 million. Independent external valuers were engaged to determine the fair value of investment properties held by the Group and its joint venture as at 30 June 2025, where considered necessary. Fair values were generally derived by the income approach and where appropriate, by the direct 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.	Our procedures in relation to the valuation of investment properties included: • We understood 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; • We evaluated the competence, capability and objectivity of the independent external valuers; • We obtained the valuation reports and discuss the valuation methodologies and key assumptions used with the independent external valuers; • We, on a sample basis, involved our in-house valuation experts and assessed 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 • We 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism 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. Ng Ka Ho (practising certificate number: P05152).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 September 2025



Consolidated Income Statement

For the year ended 30 June

	Note	2025 HK\$'m	2024 HK\$'m
Revenue			
Non-insurance		20,204.7	22,968.5
Insurance		4,080.6	3,453.1
	6	24,285.3	26,421.6
Cost of sales	7, 9	(17,568.2)	(19,977.7)
Insurance service expenses	7, 36	(2,765.6)	(2,508.0)
Net (expenses)/income from reinsurance contracts held		(68.2)	79.9
Net insurance finance expenses		(5,223.4)	(1,431.0)
Other income and gains, net	8	5,587.8	2,217.8
Selling and marketing expenses	7	(117.2)	(194.4)
General and administrative expenses	7	(897.9)	(945.6)
Operating profit	7	3,232.6	3,662.6
Finance costs	11	(1,470.3)	(1,198.8)
Share of results of			
Associated companies		210.4	14.8
Joint ventures		1,055.8	842.0
Profit before income tax		3,028.5	3,320.6
Income tax expenses	12	(666.3)	(700.6)
Profit for the year		2,362.2	2,620.0
Profit/(loss) attributable to			
Shareholders of the Company		2,162.0	2,084.2
Holders of perpetual capital securities		202.3	457.9
Non-controlling interests		(2.1)	77.9
		2,362.2	2,620.0
Basic and diluted earnings per share attributable to shareholders of the Company	14	HK\$0.54	HK\$0.56

Consolidated Statement of Comprehensive Income

For the year ended 30 June



	2025 HK\$'m	2024 HK\$'m
Profit for the year	2,362.2	2,620.0
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Net fair value change on equity instruments as financial assets at FVOCI	(74.0)	(87.3)
Remeasurement of post-employment benefit obligation	6.7	15.9
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	166.6	(27.8)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI	459.9	123.7
Release of reserve upon deregistration of subsidiaries	–	(9.1)
Release of reserve upon reclassification of interest in an associated company to financial assets at FVOCI	–	(5.9)
Share of other comprehensive income of associated companies	6.9	2.2
Share of release of reserve of a joint venture	241.7	–
Cash flow hedges	(373.3)	(39.2)
Net insurance finance income/(expenses)	106.7	(21.2)
Currency translation differences	111.3	(40.5)
Other comprehensive income/(loss) for the year, net of tax	652.5	(89.2)
Total comprehensive income for the year	3,014.7	2,530.8
Total comprehensive income/(loss) attributable to		
Shareholders of the Company	2,814.3	1,997.8
Holders of perpetual capital securities	202.3	457.9
Non-controlling interests	(1.9)	75.1
	3,014.7	2,530.8



Consolidated Statement of Financial Position

As at 30 June

	Note	2025 HK\$'m	2024 HK\$'m
ASSETS			
Intangible assets	16	6,186.8	5,928.8
Intangible concession rights	17	10,961.9	12,226.1
Investment properties	18	4,949.6	5,479.1
Property, plant and equipment	19	1,226.9	1,252.2
Right-of-use assets	20	949.9	974.4
Associated companies	21	4,720.1	4,540.3
Joint ventures	22	16,151.7	17,403.8
Insurance contract assets	36	1,418.6	548.3
Reinsurance contract assets	36	97.4	221.2
Debt instruments as financial assets at amortized cost	23	1,419.7	1,391.4
Financial assets at FVOCI	24	13,236.1	11,624.4
Financial assets at FVPL	25	69,888.4	59,746.6
Derivative financial instruments	26	255.8	367.2
Inventories		20.8	18.4
Trade and other receivables	27	11,491.1	9,158.9
Investments related to unit-linked contracts	29(a)	9,710.1	9,041.3
Cash and bank balances	30	20,210.7	14,788.0
Assets held-for-sale	31	–	373.3
Total assets		172,895.6	155,083.7

Consolidated Statement of Financial Position

As at 30 June



	Note	2025 HK\$'m	2024 HK\$'m
EQUITY			
Share capital	32	4,009.8	3,997.5
Reserves	33	33,507.0	34,898.7
Shareholders' funds		37,516.8	38,896.2
Perpetual capital securities	34	2,347.8	4,436.4
Non-controlling interests		17.1	19.1
Total equity		39,881.7	43,351.7
LIABILITIES			
Deferred tax liabilities	35	1,152.1	1,266.5
Insurance contract liabilities	36	77,481.8	64,565.9
Reinsurance contract liabilities	36	–	55.5
Financial liabilities related to unit-linked contracts	29(b)	4,183.6	4,188.8
Borrowings and other interest-bearing liabilities	37	34,861.8	29,895.4
Derivative financial instruments	26	1,267.2	384.9
Trade and other payables	38	12,907.2	9,699.2
Lease liabilities	39	716.9	738.9
Taxation		443.3	570.9
Liabilities directly associated with assets held-for-sale	31	–	366.0
Total liabilities		133,013.9	111,732.0
Total equity and liabilities		172,895.6	155,083.7

Dr Cheng Kar Shun, Henry
Director

Mr Ho Gilbert Chi Hang
Director



Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

HK\$m	Note	Shareholders' funds					Perpetual capital securities	Non- controlling interests	Total
		Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 30 June 2024 and 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
<i>Transactions with owners</i>									
Dividends paid to									
Shareholders of the Company	13, 33	-	-	(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		-	-	-	24.3	24.3	-	-	24.3
Conversion of convertible bonds		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	34	-	-	-	-	-	(2,092.0)	-	(2,092.0)
Transfer of reserves	33	-	-	(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 Changes in Equity

For the year ended 30 June 2024



		Shareholders' funds					Perpetual capital securities	Non- controlling interests	Total
HK\$'m	Note	Share capital	Share premium	Revenue reserve	Other reserves	Total			
As at 1 July 2023		3,910.5	17,817.0	22,133.7	1,755.9	45,617.1	10,353.6	50.8	56,021.5
Total comprehensive income/(loss) for the year									
		–	–	2,149.4	(151.6)	1,997.8	457.9	75.1	2,530.8
Transactions with owners									
Dividends paid to									
Shareholders of the Company	33	–	–	(9,388.6)	–	(9,388.6)	–	–	(9,388.6)
Non-controlling interests		–	–	–	–	–	–	(55.9)	(55.9)
Distribution to perpetual capital securities holders									
		–	–	–	–	–	(663.1)	–	(663.1)
Scrip dividends									
New shares issued		85.6	476.8	–	–	562.4	–	–	562.4
Share options									
Value of services provided		–	–	–	44.4	44.4	–	–	44.4
New shares issued		1.4	9.8	–	–	11.2	–	–	11.2
Share of reserve of a joint venture		–	–	–	(35.2)	(35.2)	–	–	(35.2)
Deregistration of subsidiaries		–	–	4.7	(0.6)	4.1	–	(50.9)	(46.8)
Issuance of perpetual capital securities									
		–	–	–	–	–	2,340.0	–	2,340.0
Transaction cost in relation to issuance of perpetual capital securities									
		–	–	(19.7)	–	(19.7)	–	–	(19.7)
Redemption of perpetual capital securities									
		–	–	102.7	–	102.7	(8,052.0)	–	(7,949.3)
Transfer of reserves	33	–	–	(517.7)	517.7	–	–	–	–
Total transactions with owners									
		87.0	486.6	(9,818.6)	526.3	(8,718.7)	(6,375.1)	(106.8)	(15,200.6)
As at 30 June 2024									
		3,997.5	18,303.6	14,464.5	2,130.6	38,896.2	4,436.4	19.1	43,351.7



Consolidated Statement of Cash Flows

For the year ended 30 June

	Note	2025 HK\$'m	2024 HK\$'m
Cash flows from operating activities			
Net cash generated from operations	42(a)	10,843.7	11,984.5
Finance costs paid		(1,317.4)	(1,035.5)
Interest received		3,302.7	2,967.5
Dividends received from financial assets in relation to insurance business and investments related to unit-linked contracts		576.7	247.3
Hong Kong profits tax paid		(391.6)	(346.3)
The Mainland and overseas taxation paid		(512.5)	(558.7)
Net cash generated from operating activities before net purchase of financial assets in relation to insurance business		12,501.6	13,258.8
Purchases of financial assets in relation to insurance business		(59,442.3)	(51,222.2)
Disposal of financial assets in relation to insurance business		50,656.9	40,412.1
		(8,785.4)	(10,810.1)
Net cash generated from operating activities		3,716.2	2,448.7
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	43(a)	(480.8)	–
Dividends received from associated companies	21(f)	243.7	257.4
Dividends received from joint ventures	22(h)	957.5	978.1
Dividends received from a joint venture in respect of insurance claims	22(h)	600.6	–
Decrease/(increase) in investments in and advances to associated companies		278.8	(69.2)
Decrease in investments in and advances to joint ventures		1,026.4	58.2
Disposal of subsidiaries, net of cash disposed of	42(b)	214.4	–
Deferred proceed/proceeds received from disposal of interests in subsidiaries, associated companies and joint ventures		342.6	12.7
Additions of intangible assets, intangible concession rights, investment properties and property, plant and equipment		(483.4)	(490.3)
Purchases of debt instruments as financial assets at amortized cost		(28.0)	(49.9)
Purchases of financial assets at FVPL		(197.6)	(270.7)
Disposal of debt instruments as financial assets at amortized cost		19.5	122.9
Disposal of financial assets at FVOCI		67.5	247.5
Disposal of financial assets at FVPL		294.1	1,687.7
Disposal of property, plant and equipment		2.9	0.6
Settlement of derivative financial instruments		4.9	9.5
Dividends received from financial assets at FVOCI and financial assets at FVPL		0.6	3.7
Others		22.1	18.4
Net cash generated from investing activities		2,885.8	2,516.6

Consolidated Statement of Cash Flows

For the year ended 30 June



	Note	2025 HK\$'m	2024 HK\$'m
Cash flows from financing activities			
Issuance of new shares from share options exercised		–	11.2
New bank loans and other borrowings	42(c)	7,324.4	13,660.2
Issuance of fixed rate bonds	42(c)	3,843.9	2,245.6
Repayment of bank loans and other borrowings	42(c)	(6,317.1)	(9,704.3)
Repayment of financing received under a financial reinsurance arrangement	42(c)	(155.7)	(50.7)
Settlement of derivative financial instruments		261.5	–
Distribution to perpetual capital securities holders		(198.9)	(663.1)
Proceeds from issuance of perpetual capital securities, net of transaction costs		–	2,320.3
Redemption of perpetual capital securities	34	(2,092.0)	(7,949.3)
Capital element of lease liabilities payments	42(c)	(242.5)	(248.7)
Decrease in cash collateral received from counterparties	42(c)	(15.2)	(4.4)
Dividends paid to shareholders of the Company		(3,802.3)	(8,826.2)
Dividends paid to non-controlling interests		(0.1)	(55.9)
Net cash used in financing activities		(1,394.0)	(9,265.3)
Net increase/(decrease) in cash and cash equivalents		5,208.0	(4,300.0)
Cash and cash equivalents at the beginning of year		14,950.7	19,257.9
Currency translation differences		64.8	(7.2)
Cash and cash equivalents at the end of year		20,223.5	14,950.7
Analysis of cash and cash equivalents			
Cash and bank balances	30	20,210.7	14,788.0
Cash and bank balances attributable to investments related to unit-linked contracts	29(a)	26.7	23.3
Cash and bank balances of subsidiaries classified as assets held-for-sale	31	–	153.0
Time deposits with original maturity more than three months	30	(13.9)	(13.6)
		20,223.5	14,950.7



Notes to the Financial Statements

1 GENERAL INFORMATION

CTF Services Limited (the “Company”, formerly known as “NWS Holdings Limited”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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.

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 2025.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) 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 4 below.

(a) Adoption of amendments to standards and interpretation

During FY2025, the Group has adopted the following amendments to standards and interpretation which are relevant to the Group’s operations and are mandatory for FY2025:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the amendments to standards and interpretation 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 2025 or later periods but which the Group has not early adopted:

HKAS 21 (Amendments)	Lack of Exchangeability
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	Subsidiaries without Public Accountability: Disclosures
HKFRSs Amendments	Annual Improvements to HKFRS Accounting Standards — Volume 11

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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

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.

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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

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

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(ii) Associated companies (continued)

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.

(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 an 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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iii) Joint arrangements (continued)

(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.

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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

(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.

(iv) Other intangible assets

Other intangible asset mainly represents (i) computer software which is amortized over a period of 3 to 5 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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

(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).

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

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.

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties (continued)

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, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognized in equity as a revaluation of property, plant and equipment. However, if a fair value 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.

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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 from such investments continue to be 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 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.

(l) Deferred income

Deferred income is included in "trade and other payables" and is credited to the consolidated income statement on a straight-line basis over the concession periods.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) 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 remeasured to their 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 a particular risk 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 hedges of 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.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item (aligned time value) are recognized in other comprehensive income and accumulated in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (aligned forward element) is recognized in other comprehensive income and accumulated in the costs of hedging reserve within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in other comprehensive income and accumulated in the cash flow hedge reserve within equity.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments and hedging activities (continued)

(i) Cash flow hedges that qualify for hedge accounting (continued)

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, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within 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, resulting in the recognition of a non-financial asset. 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.

(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 presents 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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) 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).

(o) 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.

(p) Contracts 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)

(q) 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 and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. 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.

(r) 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.

(s) 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)

(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.

(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.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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 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 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, 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 “derivative financial instruments” and “financial liabilities related to unit-linked contracts” 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 and insurance contracts. 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 (2024: 100 basis points) higher/lower with all other variables held constant, the Group's profit for the year would have been HK\$92.2 million higher/lower (2024: HK\$66.9 million higher/lower) respectively and the Group's other reserves would have been HK\$1.1 billion lower/higher (2024: 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 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.

The Group's foreign currency exposure arises from that are denominated in foreign currencies other than its functional currency. The Group monitors and controls this foreign exchange risk by entering into foreign exchange forward contracts and cross currency swap contracts to cover its major foreign currency exposure. Besides, the Group also manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to enter into foreign exchange forward contracts and cross currency swap contracts to reduce the exposure should the need arises.

As at 30 June 2025, the Group's entities with functional currency of Hong Kong dollar had net monetary assets denominated in United States dollar of HK\$20,970.9 million (2024: HK\$20,367.7 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 2025, the Group's entities with functional currency of Hong Kong dollar had net monetary liabilities denominated in Renminbi of HK\$91.0 million (2024: HK\$460.0 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\$4.5 million (2024: HK\$23.0 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 2025, if the price of listed and unlisted investments, classified as financial assets at FVOCI (note 24) and financial assets at FVPL (note 25), excluding the bond investments, had been 25% higher/lower with all other variables held constant, the Group's FVOCI reserve would have been HK\$146.8 million (2024: HK\$233.2 million) higher/lower respectively and profit for the year would have been HK\$888.1 million (2024: HK\$781.3 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 consider 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 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 by mainly to financial institutions or investment counterparties of high quality. Aaa and AAA are the highest credit ratings in the Moody's and Standard & Poor's credit rating systems respectively. 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. As at 30 June 2025, the amount of the non-investment grade bonds held by the Group was approximately 1.6% (2024: 0.5%) of its invested assets.

For trade receivables, retention money receivables and contract assets in relation to provision of services and infrastructure operations, 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 associated companies and joint ventures 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 41 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 40). 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 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	38	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	-
Amounts due to associated companies	38	12.9	12.9	12.9	-	-	-
Amount due to a joint venture	38	241.5	241.5	241.5	-	-	-
Financial liabilities related to unit-linked contracts	29(b)	4,183.6	4,183.6	-	-	-	4,183.6
Borrowings and other interest-bearing liabilities	37	34,861.8	37,344.7	10,269.7	25,122.2	1,952.8	-
Lease liabilities	39	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	-

Apart from the derivative financial liabilities disclosed above, as at 30 June 2025, the Group's insurance business also held bond forward contracts with carrying amount of HK\$381.6 million (2024: nil) (note 26) 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\$525 million (2024: nil) maturing in less than one year to five years. 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.



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(c) Liquidity risk (continued)

As at 30 June 2024

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	38	1,038.6	1,038.6	1,038.6	–	–	–
Retention money payables and other payables		7,699.7	7,699.7	5,333.9	2,364.3	1.5	–
Amounts due to associated companies	38	4.1	4.1	4.1	–	–	–
Amount due to a joint venture	38	240.9	240.9	240.9	–	–	–
Financial liabilities related to unit-linked contracts	29(b)	4,188.8	4,188.8	–	–	–	4,188.8
Borrowings and other interest-bearing liabilities	37	29,895.4	33,702.7	5,922.9	25,569.9	2,209.9	–
Lease liabilities	39	738.9	796.1	245.8	550.0	0.3	–

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	48.7	48.6	0.1	–
Hedging instruments (net settlement)	350.3	33.8	316.5	–
Hedging instruments (gross settlement)				
Cash inflow	(46.3)	(40.7)	(5.6)	–
Cash outflow	46.9	40.9	5.6	0.4



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 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

As at 30 June 2024

HK\$m	Total discounted cash flow	Within 1 year	Over 1 year but within 5 years	Over 5 years
Insurance contract liabilities	56,119.0	(458.2)	(3,992.2)	60,569.4
Reinsurance contract liabilities	301.2	(79.8)	76.4	304.6



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(d) Asset-liability management framework

The Group's insurance business exposures to financial risks arise 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 within 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) 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)

(f) Capital management (continued)

The Net Gearing Ratio as at 30 June was as follows:

	Note	2025 HK\$'m	2024 HK\$'m
Total borrowings and other interest-bearing liabilities	37	(34,861.8)	(29,895.4)
Add: Cash and bank balances	30	20,210.7	14,788.0
Net Debt		(14,651.1)	(15,107.4)
Total equity		39,881.7	43,351.7
Net Gearing Ratio		37%	35%

The slight decrease in Net Debt was mainly due to net operating cash inflow and proceeds from disposal of certain non-core investments, partly offset by the redemption of certain portion of the Group's perpetual capital securities, certain acquisitions and expansion capital expenditures as well as payment of special dividend during the current year.

The Group's insurance business has an internal risk management framework for identifying, assessing and managing risks to its business 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 150% of the solvency margin that 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.

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.



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) 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 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.

(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 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.
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience

As at 30 June 2024

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.
Lapse rates	Based on Group's experience
Expenses	Based on Group's experience



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(g) Insurance risk (continued)

(ii) Sensitivities

The sensitivity analyzes 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.

		Increase/(decrease) in profit before income tax		Increase/(decrease) in total equity (before the effects of taxation)	
		2025	2024	2025	2024
		HK\$m	HK\$m	HK\$m	HK\$m
Sensitivity analysis before risk mitigation by reinsurance					
Mortality rates	+10%	(25.3)	(30.6)	(24.1)	(35.7)
Morbidity rates	+10%	(21.5)	(20.3)	(17.6)	(16.1)
Expenses	+10%	(12.6)	(12.9)	(8.7)	(10.9)
Lapse and surrenders rates	+10%	(45.6)	(72.7)	(39.0)	(53.2)
Sensitivity analysis after risk mitigation by reinsurance					
Mortality rates	+10%	(14.9)	(20.8)	(14.6)	(36.1)
Morbidity rates	+10%	(4.9)	(8.2)	(22.6)	(24.2)
Expenses	+10%	(12.5)	(12.9)	(8.7)	(10.8)
Lapse and surrenders rates	+10%	(43.6)	(71.4)	(37.4)	(53.6)



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) 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).
- (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" and "financial liabilities related to unit-linked contracts", that are measured at fair value at 30 June 2025 and 30 June 2024 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).



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

(v) (continued)

Management determined the fair value of these financial assets within Level 2 and Level 3 as follows:

- The fair value of forward starting swap contracts and 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 agreement 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 agreement 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)

(h) 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; and
- The fair values of “financial liabilities related to unit-linked contracts” are determined with reference to the accumulation value.

As at 30 June 2025

HK\$m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Equity instruments	555.6	–	23.6	579.2
— Debt instruments	9,624.9	3,032.0	–	12,656.9
Financial assets at FVPL				
— Equity instruments	1,954.8	–	140.7	2,095.5
— Debt instruments	43,543.4	3,227.0	1,420.6	48,191.0
— 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)



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

(v) (continued)

As at 30 June 2024

HK\$'m	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at FVOCI				
— Equity instruments	899.4	—	4.5	903.9
— Debt instruments	8,777.9	1,942.6	—	10,720.5
Financial assets at FVPL				
— Equity instruments	1,187.4	—	189.2	1,376.6
— Debt instruments	42,028.5	2,568.5	1,325.9	45,922.9
— Investment funds	7,903.6	0.2	4,543.3	12,447.1
Derivative financial instruments	—	367.2	—	367.2
Investments related to unit-linked contracts				
— Investment funds	8,967.1	50.9	—	9,018.0
	69,763.9	4,929.4	6,062.9	80,756.2
Liabilities				
Derivative financial instruments	—	(384.9)	—	(384.9)
Financial liabilities related to unit-linked contracts	—	(4,188.8)	—	(4,188.8)
	—	(4,573.7)	—	(4,573.7)

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 current year, 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.

During FY2024, there were transfers of assets relating to the Group's insurance business as financial assets at FVPL with fair value of HK\$2,110.6 million from Level 1 to Level 2 hierarchy, financial assets at FVOCI with fair value of HK\$331.8 million from Level 1 to Level 2 hierarchy and HK\$161.8 million from Level 2 to Level 1 hierarchy.



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

(v) (continued)

The following table presents the changes in Level 3 financial instruments:

HK\$m	Assets			Total
	Financial assets at FVOCI	Financial assets at FVPL	Derivative financial instruments	
As at 1 July 2024	4.5	6,058.4	–	6,062.9
Translation differences	–	14.0	–	14.0
Acquisition of subsidiaries	–	–	195.0	195.0
Purchases	–	1,018.6	–	1,018.6
Disposals/derecognized	–	(756.9)	–	(756.9)
Net fair value change recognized in other comprehensive income	19.1	–	–	19.1
Net fair value change recognized in consolidated income statement	–	352.2	–	352.2
As at 30 June 2025	23.6	6,686.3	195.0	6,904.9
Net unrealized fair value change recognized in consolidated income statement relating to balances held as at 30 June 2025	–	366.3	–	366.3



4 FINANCIAL AND INSURANCE RISKS MANAGEMENT AND FAIR VALUE ESTIMATION (CONTINUED)

(h) Fair value estimation (continued)

(v) (continued)

HK\$'m	Assets		
	Financial assets at FVOCI	Financial assets at FVPL	Total
As at 1 July 2023	64.2	5,495.6	5,559.8
Translation differences	–	(5.0)	(5.0)
Purchases	–	1,405.9	1,405.9
Disposals	–	(794.6)	(794.6)
Net fair value change recognized in other comprehensive income	(59.7)	–	(59.7)
Net fair value change recognized in consolidated income statement	–	(43.5)	(43.5)
As at 30 June 2024	4.5	6,058.4	6,062.9
Net unrealized fair value change recognized in consolidated income statement relating to balances held as at 30 June 2024	–	(62.5)	(62.5)



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(h)(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 primarily 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, 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. Details of the key assumptions are included in notes 4(g)(i) and 36.



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 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 assessed 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:

2025

HK\$m	Hong Kong	The Mainland	Total
Roads	–	2,778.7	2,778.7
Financial Services	4,080.6	–	4,080.6
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

2024

HK\$m	Hong Kong	The Mainland	Total
Roads	–	2,807.0	2,807.0
Financial Services	3,453.1	–	3,453.1
Logistics	–	160.9	160.9
Construction	17,265.2	–	17,265.2
Facilities Management	2,718.1	17.3	2,735.4
	23,436.4	2,985.2	26,421.6



6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from insurance business is further analyzed as follows:

	Note	2025 HK\$'m	2024 HK\$'m
CSM recognized for services provided		1,130.1	880.7
Change in risk adjustment for non-financial risk for risk expired		(3.6)	5.7
Expected incurred claims and other insurance service expenses		1,652.7	1,513.5
Recovery of insurance acquisition cash flows		938.9	676.3
Others		172.9	170.3
Amounts related to changes in liabilities for remaining coverage	36	3,891.0	3,246.5
Fee income on insurance and investment contracts		178.2	202.3
General insurance commission under agency agreements		11.3	4.0
Others		0.1	0.3
Fee and commission income		189.6	206.6
		4,080.6	3,453.1

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) Roads; (ii) Financial Services; (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 FY2025 and related comparative figures is as follows:

HK\$'m	Roads	Financial Services	Logistics	Construction	Facilities Management	Strategic Investments	Total	
2025								
Total revenue	2,778.7	4,082.0	142.1	15,359.0	1,931.9	-	24,293.7	
Inter-segment	-	(1.4)	-	-	(7.0)	-	(8.4)	
Revenue — external	2,778.7	4,080.6	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	
	2,778.7	189.6	-	15,359.0	1,924.9	-	20,252.2	
Revenue from other sources	-	3,891.0	142.1	-	-	-	4,033.1	
	2,778.7	4,080.6	142.1	15,359.0	1,924.9	-	24,285.3	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	829.1	1,242.1	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	
	1,439.4	1,242.1	740.4	719.3	88.5	236.5	4,466.2	
Reconciliation								
Non-operating items								
Loss on fair value of investment properties							(447.9)	(i)
Impairments and provisions, net							(645.5)	(ii)
Net loss on disposal of projects							(152.8)	(iii)
Share of non-operating income of a joint venture, net							575.7	(iv)
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	

(i) Loss on fair value of investment properties recognized in the consolidated income statement is HK\$582.7 million (note 8), in which loss of HK\$131.2 million is recognized as part of Attributable Operating Profit in various reportable segments.

(ii) The amount mainly represents share of impairment loss of a joint venture of HK\$328.1 million (note 22(b)) which is included in "share of results of joint ventures" and impairment loss on intangible concession rights of HK\$311.9 million (note 17) which is included in "other income and gains, net".

(iii) The amount mainly represents profit on disposal of assets held-for-sale of HK\$42.7 million (note 8) which is included in "other income and gains, net" and share of loss from a joint venture of HK\$206.3 million (note 22(b)) associated with its disposals of subsidiaries, including the related release of reserves, which is included in "share of results of joint ventures".

(iv) The amount represents share of non-operating income of a joint venture of HK\$607.8 million (note 22(c)) less professional fee incurred, which is 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 FY2025 and related comparative figures is as follows: (continued)

HK\$m	Roads	Financial Services	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	99.5	29.4	0.1	54.3	111.7	0.1	14.9	310.0
Depreciation of right-of-use assets	0.3	106.8	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	(57.8)	(3,007.6)	(2.1)	(33.3)	(98.8)	(73.5)	(278.6)	(3,551.7)
Finance costs	99.3	17.5	7.7	38.5	18.4	0.2	1,288.7	1,470.3
Income tax expenses/(credit)	373.8	119.2	10.3	129.5	33.7	(0.2)	-	666.3
Additions to assets (remark)	56.2	385.4	16.3	329.6	109.7	-	3.1	900.3
As at 30 June 2025								
Company and subsidiaries	14,130.6	110,327.9	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	22,066.4	110,327.9	12,669.2	10,275.4	2,741.5	5,805.6	9,009.6	172,895.6
Total liabilities	4,810.6	85,582.9	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)

(a) The information of the reportable segments provided to the Executive Committee for FY2025 and related comparative figures is as follows: (continued)

HK\$'m	Roads	Financial Services	Logistics	Construction	Facilities Management	Strategic Investments	Total	
2024								
Total revenue	2,807.0	3,454.7	160.9	17,265.9	2,739.6	–	26,428.1	
Inter-segment	–	(1.6)	–	(0.7)	(4.2)	–	(6.5)	
Revenue — external	2,807.0	3,453.1	160.9	17,265.2	2,735.4	–	26,421.6	
Revenue from contracts with customers								
Recognized at a point in time	2,807.0	–	–	–	1,439.1	–	4,246.1	
Recognized over time	–	206.6	–	17,265.2	1,296.3	–	18,768.1	
	2,807.0	206.6	–	17,265.2	2,735.4	–	23,014.2	
Revenue from other sources	–	3,246.5	160.9	–	–	–	3,407.4	
	2,807.0	3,453.1	160.9	17,265.2	2,735.4	–	26,421.6	
Attributable Operating Profit/(Loss)								
Company and subsidiaries	807.0	964.9	100.0	709.8	387.8	(48.6)	2,920.9	
Associated companies	174.7	–	(15.6)	(4.8)	(159.5)	103.3	98.1	
Joint ventures	589.7	–	637.9	–	–	(79.2)	1,148.4	
	1,571.4	964.9	722.3	705.0	228.3	(24.5)	4,167.4	
Reconciliation								
Non-operating items								
Net loss on fair value of investment properties, net of tax							(342.6)	(v)
Impairments and provisions, net							(51.5)	(vi)
Gain on disposal of projects							12.3	(vii)
Share of non-operating expenses of a joint venture							(52.8)	
Share-based payment (note 10(a))							(44.4)	
Unallocated corporate office items								
Net finance costs							(744.1)	
Expenses and others							(402.2)	
Profit for the year after tax and non-controlling interests							2,542.1	
Profit attributable to holders of perpetual capital securities							(457.9)	
Profit attributable to shareholders of the Company							2,084.2	

(v) Net loss on fair value of investment properties recognized in the consolidated income statement is HK\$380.5 million (note 8), in which a loss of HK\$26.0 million was 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\$99.7 million which was included in "share of results of joint ventures"; impairment losses related to associated companies, net of reversal, of HK\$118.8 million (note 21(c)) which was included in "other income and gains, net"; and share of impairment losses from an associated company of HK\$63.1 million (note 21(c)) which was included in "share of results of associated companies"; net of reversal of provisions of HK\$250.6 million (note 8(a)) which was included in "other income and gains, net".

(vii) The amount represented profit on disposal of interest in a joint venture of HK\$6.4 million (note 8) and profit on reclassification of interest in an associated company to financial assets at FVOCI of HK\$5.9 million (note 8) which were included in "other income and gains, net".



6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (a) The information of the reportable segments provided to the Executive Committee for FY2025 and related comparative figures is as follows: (continued)

HK\$m	Roads	Financial Services	Logistics	Construction	Facilities Management	Strategic Investments	Corporate	Total
2024								
Amortization of intangible assets	–	74.6	–	1.5	31.2	–	–	107.3
Amortization of intangible concession rights	1,101.7	–	–	–	–	–	–	1,101.7
Depreciation of property, plant and equipment	99.7	37.2	0.9	51.7	94.0	–	15.2	298.7
Depreciation of right-of-use assets	0.5	108.2	–	39.2	94.1	–	8.8	250.8
Net insurance finance expenses	–	1,431.0	–	–	–	–	–	1,431.0
Net loss on fair value of financial assets at FVPL	–	1,456.2	–	4.7	–	127.6	–	1,588.5
Interest income	(60.4)	(2,770.8)	(0.7)	(36.1)	(115.4)	(87.4)	(197.1)	(3,267.9)
Finance costs	138.0	41.5	8.6	45.8	23.4	0.3	941.2	1,198.8
Income tax expenses/(credit)	435.5	108.9	(6.5)	147.0	45.0	(28.6)	(0.7)	700.6
Additions to assets (remark)	134.5	159.0	0.2	167.0	120.0	–	13.6	594.3
As at 30 June 2024								
Company and subsidiaries	14,331.6	92,981.3	3,192.5	9,035.5	3,563.7	4,019.7	6,015.3	133,139.6
Associated companies	2,234.5	–	266.3	149.8	166.3	1,720.9	2.5	4,540.3
Joint ventures	5,644.6	–	9,506.3	–	–	1,967.3	285.6	17,403.8
Total assets	22,210.7	92,981.3	12,965.1	9,185.3	3,730.0	7,707.9	6,303.4	155,083.7
Total liabilities	5,159.9	70,188.3	347.1	8,036.2	1,342.7	86.3	26,571.5	111,732.0

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 2025

HK\$m	Non-financial services and corporate	Financial services	Total
Assets			
Intangible assets	307.8	5,879.0	6,186.8
Intangible concession rights	10,961.9	–	10,961.9
Investment properties	4,399.2	550.4	4,949.6
Associated companies	4,720.1	–	4,720.1
Joint ventures	16,151.7	–	16,151.7
Insurance contract assets	–	1,418.6	1,418.6
Reinsurance contract assets	–	97.4	97.4
Debt instruments as financial assets at amortized cost	108.7	1,311.0	1,419.7
Financial assets at FVOCI	690.1	12,546.0	13,236.1
Financial assets at FVPL	2,578.4	67,310.0	69,888.4
Trade and other receivables	8,729.8	2,761.3	11,491.1
Investments related to unit-linked contracts	–	9,710.1	9,710.1
Cash and bank balances	11,825.1	8,385.6	20,210.7
Others	2,094.9	358.5	2,453.4
	62,567.7	110,327.9	172,895.6
Liabilities			
Insurance contract liabilities	–	77,481.8	77,481.8
Financial liabilities related to unit-linked contracts	–	4,183.6	4,183.6
Borrowings and other interest-bearing liabilities	34,509.0	352.8	34,861.8
Trade and other payables	10,189.1	2,718.1	12,907.2
Others	2,732.9	846.6	3,579.5
	47,431.0	85,582.9	133,013.9

(c) Information by geographical areas:

HK\$m	Assets expected to be recovered more than 12 months (remark)	
	2025	2024
Hong Kong	10,345.5	10,299.7
The Mainland	13,902.2	15,533.3
Others	27.4	27.6
	24,275.1	25,860.6

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 followings:

	Note	2025 HK\$'m	2024 HK\$'m
Crediting			
Gross rental income from investment properties		223.2	243.0
Less: outgoings		(57.1)	(64.9)
		166.1	178.1
Charging			
Auditors' remuneration			
— Provision for current year		22.3	21.9
— Under/(over)-provision in prior years		0.6	(1.0)
Cost of inventories sold		547.8	1,103.1
Cost of construction		12,776.3	14,830.3
Amortization of intangible assets	16	120.2	107.3
Amortization of intangible concession rights	17	1,136.8	1,101.7
Depreciation of property, plant and equipment	19	310.0	298.7
Depreciation of right-of-use assets	20(c)	246.7	250.8
Agency commission and allowances		2,506.9	3,040.8
Expenses on short-term leases		7.2	11.1
Expenses on variable lease payments		120.3	126.4
Staff costs (including directors' emoluments (note 15) and share-based payment)	10(a)	3,196.2	3,110.6
Other costs and expenses		1,283.2	1,253.3
		22,274.5	25,255.0
Amounts attributed to insurance contracts		(3,691.2)	(4,137.3)
Amortization of insurance acquisition cash flows		964.6	702.8
Incurred claims and other directly attributable expenses		1,828.9	1,803.0
Losses on onerous contracts, net of reversal		(27.9)	2.2
		21,348.9	23,625.7
Represented by			
Cost of sales	9	17,568.2	19,977.7
Insurance service expenses		2,765.6	2,508.0
Selling and marketing expenses		117.2	194.4
General and administrative expenses		897.9	945.6
		21,348.9	23,625.7



8 OTHER INCOME AND GAINS, NET

	Note	2025 HK\$'m	2024 HK\$'m
Net gain/(loss) on fair value of financial assets at FVPL		2,674.1	(1,588.5)
Net gain associated with investments related to unit-linked contracts		1,002.6	641.2
Profit on disposal of assets held-for-sale	42(b)	42.7	–
Reversal of provisions	(a)	–	250.6
Profit on disposal of interest in a joint venture		–	6.4
Profit on reclassification of interest in an associated company to financial assets at FVOCI		–	5.9
Interest income			
– Debt instruments as financial assets at FVPL		2,350.0	2,240.4
– Debt instruments as financial assets at FVOCI		572.9	444.4
– Debt instruments as financial assets at amortized cost		58.9	51.0
– Bank deposits and others		569.9	532.1
Dividend income		405.5	340.9
Others		168.0	336.7
Net exchange gain/(loss)		94.8	(25.0)
Net loss on fair value of investment properties	18	(582.7)	(380.5)
Net loss on fair value of derivative financial instruments		(541.0)	(48.3)
Net loss on disposal of debt instruments as financial assets at FVOCI		(459.9)	(123.7)
Charges associated with financial liabilities related to unit-linked contracts		(455.1)	(279.7)
Impairment loss on intangible concession rights	17	(311.9)	–
Impairment losses related to associated companies, net of reversal	21(c)	–	(118.8)
Expected credit loss provision, net of reversal			
– Debt instruments as financial assets at FVOCI		(13.5)	(105.3)
– Debt instruments as financial assets at amortized cost		(0.2)	(1.6)
– Trade and other receivables	27(d)	12.7	39.6
		5,587.8	2,217.8
Represented by			
Net investment income and gains from insurance business		5,477.2	1,697.7
Others		110.6	520.1
		5,587.8	2,217.8

- (a) The amount in FY2024 included (i) reversal of provision of HK\$105.9 million due to expiry of an indemnity relating to disposal of a subsidiary in prior years, and (ii) reversal of other provision of HK\$144.7 million after considering that it was no longer probable the Group will be required to settle as of the end of the reporting period.



9 COST OF SALES

	Note	2025 HK\$'m	2024 HK\$'m
Cost of inventories sold		547.8	1,103.1
Cost of construction		12,776.3	14,830.3
Cost of services rendered		4,244.1	4,044.3
	7	17,568.2	19,977.7

10 STAFF COSTS

(a) Staff costs

	Note	2025 HK\$'m	2024 HK\$'m
Wages, salaries and other benefits		3,023.9	2,926.5
Share-based payment	33	24.3	44.4
Pension costs — defined contribution plans		146.9	137.9
Pension costs — defined benefits plans		1.1	1.8
	7	3,196.2	3,110.6

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 five (2024: four) directors whose emoluments are reflected in note 15(a). For FY2024, the emoluments of the remaining one individual was as follows:

	2024 HK\$'m
Basic salaries, allowances and other benefits	5.9
Discretionary bonuses	6.3
Employer's contribution to retirement benefits schemes	0.6
Share-based payment	0.3
	13.1



10 STAFF COSTS (CONTINUED)

(b) Five highest paid individuals (continued)

The emoluments of the individual fell within the following band:

	Number of individual
	2024
Emolument band (HK\$)	
13,000,001 – 13,500,000	1

The aggregate value of deemed share options benefits of the five highest paid individuals during FY2025 amounts to HK\$11.3 million (2024: HK\$18.0 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)	
	2025	2024
Emolument band (HK\$)		
2,000,001 – 2,500,000	1	–
2,500,001 – 3,000,000	1	1
3,500,001 – 4,000,000	–	1
5,000,001 – 5,500,000	2	1
5,500,001 – 6,000,000	–	2
6,500,001 – 7,000,000	1	–
12,000,001 – 12,500,000	–	1
13,000,001 – 13,500,000	1	–
13,500,001 – 14,000,000	1	–

11 FINANCE COSTS

	Note	2025 HK\$'m	2024 HK\$'m
Interest on borrowings and other interest-bearing liabilities		971.9	882.1
Interest on fixed rate bonds		423.4	205.9
Interest on lease liabilities	42(c)	27.5	33.7
Others		47.5	77.1
		1,470.3	1,198.8



12 INCOME TAX EXPENSES

Hong Kong profits tax is provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year. Taxation on the 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% (2024: 12% to 25%). Withholding tax on dividends is mainly provided at the rate of 5% or 10% (2024: 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% (2024: 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	2025 HK\$'m	2024 HK\$'m
Current tax			
Hong Kong profits tax		247.7	254.9
The Mainland and overseas taxation		526.5	544.2
Deferred tax credit	35	(107.9)	(98.5)
		666.3	700.6

Share of taxation of associated companies and joint ventures of HK\$74.8 million (2024: HK\$101.9 million) and HK\$198.5 million (2024: HK\$311.7 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:

	2025 HK\$'m	2024 HK\$'m
Profit before income tax	3,028.5	3,320.6
Excluding share of results of associated companies	(210.4)	(14.8)
Excluding share of results of joint ventures	(1,055.8)	(842.0)
	1,762.3	2,463.8
Calculated at a taxation rate of 16.5% (2024: 16.5%)	290.8	406.5
Effect of different taxation rates in other tax jurisdictions	101.7	84.8
Tax on 5% of net premium of life insurance business	117.8	108.1
Results of life insurance business not taxable at the statutory rate	(223.5)	(211.7)
Income not subject to taxation	(88.4)	(111.9)
Expenses not deductible for taxation purposes	377.8	312.9
Tax losses not recognized	28.9	17.0
Utilization of previously unrecognized tax losses	(28.0)	(28.6)
Withholding tax	95.3	134.4
Over-provisions in prior years	(7.8)	(10.9)
Others	1.7	–
Income tax expenses	666.3	700.6

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.

Pillar Two legislation in Hong Kong, namely the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025, has been enacted on 6 June 2025 and take effect from 1 January 2025, which is effective from FY2026 for the Group. Other major jurisdictions where the Group operates, including the Mainland, have not enacted or substantively enacted the Pillar Two legislations.

The Group, as a subsidiary of a wider group, are in the scope of the Pillar Two tax reform. The Group will continue to observe the development of the legislations and assess the potential impact.

The Group has applied the mandatory temporary relief from the accounting requirement to recognize and disclose deferred taxes arising from the jurisdictional implementation of the Pillar Two legislations, as provided in HKAS 12 "Income Taxes".



13 DIVIDENDS

	2025 HK\$'m	2024 HK\$'m
Interim ordinary dividend paid of HK\$0.30 (2024: HK\$0.30) per share	1,201.6	1,173.6
Special dividend paid of HK\$0.30 (2024: HK\$1.79) per share	1,201.6	7,002.3
Final ordinary dividend proposed of HK\$0.35 (2024: paid of HK\$0.35) per share	1,410.9	1,399.1
	3,814.1	9,575.0

At the meeting held on 24 September 2025, the Board recommended a final ordinary dividend of HK\$0.35 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 FY2026.

Subject to the passing of the relevant resolution at the 2025 AGM, it is expected that the final ordinary dividend will be paid on or about 23 December 2025.

14 EARNINGS PER SHARE

The calculation of basic earnings per share for FY2025 is based on earnings of HK\$2,162.0 million which represented profit attributable to shareholders of the Company; and on the weighted average of 4,000,178,333 ordinary shares outstanding during the year. For FY2024, the calculation of basic earnings per share was based on earnings of HK\$2,186.9 million which comprised profit attributable to shareholders of the Company of HK\$2,084.2 million and gain on redemption of perpetual capital securities of HK\$102.7 million (note 33); and on the weighted average of 3,928,599,060 ordinary shares outstanding during the last year.

The calculation of diluted earnings per share is based on earnings of HK\$2,162.0 million (2024: HK\$2,186.9 million) as stated above; and on the weighted average number of ordinary shares outstanding above as adjusted by the effects of all dilutive potential ordinary shares. The calculation of weighted average number of ordinary shares for calculating diluted earnings per share is as follows:

	Number of shares	
	2025	2024
Weighted average number of ordinary shares for calculating basic earnings per share	4,000,178,333	3,928,599,060
Effect of dilutive potential ordinary shares		
Convertible bonds	39,922,673	—
Share options	—	4,433,803
Weighted average number of ordinary shares for calculating diluted earnings per share	4,040,101,006	3,933,032,863



14 EARNINGS PER SHARE (CONTINUED)

The calculation of diluted earnings per share for FY2025 assume the convertible bonds of the Company have been converted into ordinary shares at the date of the issuance under the if-converted method which would result in a potential dilutive impact with decrease from basic earnings per share of HK\$0.540 to diluted earnings per share of HK\$0.535.

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	2025 HK\$m	2024 HK\$m
Remunerations	(i)	77.2	81.3

In addition to above, the Company has granted share options to directors of the Company during FY2025. The value of deemed share options benefits amounted to HK\$14.5 million (2024: HK\$29.9 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:

Name of director	As director [#]		As management ^{##}		2025 Total HK\$m	2024 Total HK\$m
	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		
Dr Cheng Kar Shun, Henry	1.00	0.04	10.77	0.66	12.47	16.16
Mr Cheng Chi Ming, Brian	0.83	0.09	15.60	0.96	17.48	14.16
Mr Ho Gilbert Chi Hang	1.36	0.10	15.60	0.96	18.02	14.97
Mr Cheng Chi Leong, Christopher	0.30	0.05	12.10	0.47	12.92	8.47
Mr Lam Jim*	0.41	0.08	10.62	0.48	11.59	4.93
Dr Cheng Chi Kong, Adrian***	0.22	0.03	–	–	0.25	5.45
Mr William Junior Guilherme Doo	0.30	0.05	–	–	0.35	0.45
Mr Tsang On Yip, Patrick*	0.31	0.04	–	–	0.35	–
Mr Shek Lai Him, Abraham	0.52	0.08	–	–	0.60	0.63
Mr Lee Yiu Kwong, Alan	1.11	0.10	–	–	1.21	0.85
Mrs Oei Wai Chi Grace Fung	0.36	0.06	–	–	0.42	0.49
Mr Wong Kwai Huen, Albert	0.42	0.06	–	–	0.48	0.47
Professor Chan Ka Keung, Ceajer	0.55	0.08	–	–	0.63	0.66
Ms Ng Yuen Ting, Yolanda	0.36	0.06	–	–	0.42	0.45
Mr Ma Siu Cheung**	–	–	–	–	–	12.24
Mr To Hin Tsun, Gerald**	–	–	–	–	–	0.34
Mr Dominic Lai**	–	–	–	–	–	0.53
	8.05	0.92	64.69	3.53	77.19	81.25

* Appointed on 1 January 2024

** Resigned on 1 January 2024

*** 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	2025 HK\$m	2024 HK\$m
Dr Cheng Kar Shun, Henry	3.11	5.87
Mr Cheng Chi Ming, Brian	2.10	3.67
Mr Ho Gilbert Chi Hang	2.10	3.97
Mr Cheng Chi Leong, Christopher	1.94	3.67
Mr Lam Jim	2.05	–
Dr Cheng Chi Kong, Adrian	–	2.94
Mr William Junior Guilherme Doo	0.22	0.41
Mr Tsang On Yip, Patrick	0.22	–
Mr Shek Lai Him, Abraham	0.47	0.88
Mr Lee Yiu Kwong, Alan	0.46	0.88
Mrs Oei Wai Chi Grace Fung	0.47	0.88
Mr Wong Kwai Huen, Albert	0.47	0.88
Professor Chan Ka Keung, Ceajer	0.46	0.88
Ms Ng Yuen Ting, Yolanda	0.47	–
Mr Ma Siu Cheung	–	4.11
Mr To Hin Tsun, Gerald	–	0.41
Mr Dominic Lai	–	0.41
	14.54	29.86

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. During FY2025, the approximate total contract sum was HK\$703.7 million (2024: HK\$1,234.2 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 2024		5,576.3	1,078.1	6,654.4
Acquisition of subsidiaries	43(a)	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

HK\$'m	Note	Goodwill	Operating right and others	Total
Cost				
As at 1 July 2023		5,594.3	904.1	6,498.4
Additions		–	179.6	179.6
Disposals/written off		(18.0)	(5.6)	(23.6)
As at 30 June 2024		5,576.3	1,078.1	6,654.4
Accumulated amortization and impairment				
As at 1 July 2023		14.8	620.4	635.2
Amortization	7	–	107.3	107.3
Disposals/written off		(14.8)	(2.1)	(16.9)
As at 30 June 2024		–	725.6	725.6
Net book value				
As at 30 June 2024		5,576.3	352.5	5,928.8



16 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

As at 30 June 2025, goodwill arises in respect of the Group's insurance business of HK\$5,576.3 million (2024: HK\$5,576.3 million) and construction business of HK\$169.3 million (2024: nil) in Hong Kong.

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 8.00% 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 2025.

The assumptions used in the carrying value assessment are highly judgmental, and heavily dependent on the discount rate used and value of new business projection. For example, any increase in the risk premium or any decrease in the value of new business 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	2025 HK\$'m	2024 HK\$'m
Cost			
At beginning of year		23,858.9	24,337.6
Additions		–	87.5
Written off		–	(437.2)
Translation differences		387.7	(129.0)
At end of year		24,246.6	23,858.9
Accumulated amortization and impairment			
At beginning of year		11,632.8	11,031.2
Amortization	7	1,136.8	1,101.7
Impairment	8	311.9	–
Written off		–	(437.2)
Translation differences		203.2	(62.9)
At end of year		13,284.7	11,632.8
Net book value			
At end of year		10,961.9	12,226.1

Intangible concession rights refer to the Group's investment in and operations of toll roads in the Mainland. During FY2025, 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 with reference to independent traffic consultant report and certain prevailing market conditions. According to the assessment, an impairment loss related to intangible concession rights of HK\$311.9 million was recognized by the Group and included in "other income and gains, net" in FY2025.



18 INVESTMENT PROPERTIES

HK\$m	Note	Commercial properties in Hong Kong	Commercial properties in the Mainland	Residential properties in the 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

HK\$m	Note	Commercial properties in Hong Kong	Commercial properties in the Mainland	Residential properties in the Mainland	Others	Total
As at 1 July 2023		2,725.0	3,116.3	5.3	28.4	5,875.0
Fair value changes	8	(117.0)	(261.1)	(0.4)	(2.0)	(380.5)
Translation differences		–	(15.4)	–	–	(15.4)
As at 30 June 2024		2,608.0	2,839.8	4.9	26.4	5,479.1

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 2025 by independent, professionally qualified valuers, Knight Frank Petty Limited and Colliers International (Hong Kong) 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 Mainland are generally derived using the income capitalization method. This 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.

Fair values of the residential properties in the 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.

There were no changes to the valuation techniques during the year.



18 INVESTMENT PROPERTIES (CONTINUED)

(c) Significant unobservable inputs used to determine fair value

	Fair value at 30 June 2025 HK\$m	Fair value at 30 June 2024 HK\$m	Valuation methods	Unobservable inputs	Range of unobservable inputs for 2025	Range of unobservable inputs for 2024	Note
Commercial properties in Hong Kong	1,547.0	1,547.0	Income capitalization	Capitalization rate	4.2%–5.2%	4.2%–5.2%	(i)
				Average monthly rental	HK\$35– HK\$250/sq ft HK\$3,850 per carpark space	HK\$35– HK\$250/sq ft HK\$3,850 per carpark space	(ii)
	858.0	1,061.0	Sales comparison	Property specific adjusting factor	0.90–1.10	0.80–1.00	(ii)
Commercial properties in the Mainland	2,513.7	2,839.8	Income capitalization	Capitalization rate	5.55%–6.25%	5.55%–6.25%	(i)
				Average daily rental	RMB0.61– RMB1.15/sq m	RMB0.74– RMB1.27/sq m	(ii)
Residential properties in the Mainland	4.8	4.9	Sales comparison	Property specific adjusting factor	0.98–1.10	0.98–1.10	(ii)
Others	26.1	26.4					
	4,949.6	5,479.1					

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 2025, if the market value of investment properties had been 5% (2024: 5%) higher/lower with all other variables held constant, the carrying value of the Group's investment properties would have been HK\$247.5 million (2024: HK\$274.0 million) higher/lower respectively.



18 INVESTMENT PROPERTIES (CONTINUED)

(e) Particulars of major investment properties held by the Group as at 30 June 2025 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 car parks	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 car parks	2067
(iii)	No.633 Huiyuan Road, Shuangliu District, Chengdu City, Sichuan Province	Logistics centre	2063
(iv)	No.333 4th Road South, Chengdu Economic & Technological Development Zone (Longquanyi District), Chengdu City, Sichuan Province	Logistics centre	2062
(v)	No.3300 Xichuang Avenue, Puxing Town, Xinjin County, Chengdu City, Sichuan Province	Logistics centre	2064/2065
(vi)	No.1199 Tuoyuan Road, Xindu Town, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2064
(vii)	No.525 Fuhai Road & No.920 Zhantan Road, Xindu District, Chengdu City, Sichuan Province	Logistics centre	2069
(viii)	North side of Tongjiang 2nd Road, Shamao Street, Hannan District, Wuhan City, Hubei Province	Logistics centre	2064
(ix)	No.92 Jinjiang Road, Suzhou Industrial Park, Suzhou, Jiangsu Province	Logistics centre	2068



19 PROPERTY, PLANT AND EQUIPMENT

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	43(a)	–	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



19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

HK\$m	Note	Land and properties	Other plant and equipment	Motor vehicles	Total
Cost					
As at 1 July 2023		251.9	3,289.8	29.1	3,570.8
Additions		–	255.4	1.8	257.2
Disposals		–	(54.9)	(5.4)	(60.3)
Written off		–	(17.2)	–	(17.2)
Classified as assets held-for-sale	31	–	(218.3)	(2.3)	(220.6)
Translation differences		–	(4.5)	–	(4.5)
As at 30 June 2024		251.9	3,250.3	23.2	3,525.4
Accumulated depreciation and impairment					
As at 1 July 2023		32.1	2,196.0	25.7	2,253.8
Depreciation	7	6.5	290.8	1.4	298.7
Disposals		–	(51.0)	(5.4)	(56.4)
Written off		–	(17.2)	–	(17.2)
Classified as assets held-for-sale	31	–	(202.4)	(1.3)	(203.7)
Translation differences		–	(2.0)	–	(2.0)
As at 30 June 2024		38.6	2,214.2	20.4	2,273.2
Net book value					
As at 30 June 2024		213.3	1,036.1	2.8	1,252.2



20 RIGHT-OF-USE ASSETS

	2025 HK\$'m	2024 HK\$'m
Leasehold land	376.1	382.0
Buildings, plant and equipment	286.8	221.4
Others	287.0	371.0
	949.9	974.4

- (a) Rental contracts capitalized as right-of-use assets are typically made for fixed periods range from 13 months to 19 years (2024: 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 (2024: 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\$225.7 million (2024: HK\$70.0 million).
- (c) Depreciation of right-of-use assets are as follows:

	Note	2025 HK\$'m	2024 HK\$'m
Leasehold land		27.0	25.8
Buildings, plant and equipment		135.7	141.0
Others		84.0	84.0
	7	246.7	250.8



21 ASSOCIATED COMPANIES

	Note	2025 HK\$'m	2024 HK\$'m
Group's share of net assets, including goodwill			
Listed shares — Hong Kong	(a)	1,009.0	1,054.9
Listed shares — overseas	(a)	681.6	635.9
Unlisted shares		2,910.3	2,730.6
		4,600.9	4,421.4
Amounts receivable			
Gross amount	(d)	2,120.8	2,042.3
Less: provision	(e)	(2,001.6)	(1,923.4)
	(b), (c)	4,720.1	4,540.3

- (a) As at 30 June 2025, the share of market value of the Group's listed associated companies amounts to HK\$1,692.0 million (2024: HK\$1,449.2 million).
- (b) As at 30 June 2025, the carrying amount mainly represents the Group's investments in various roads, logistics, healthcare, strategic investments and other projects.
- (c) During FY2024, the Group recognized impairment losses related to associated companies, net of reversal, of HK\$118.8 million (note 8) in "other income and gains, net", which included:
- (i) an impairment loss of HK\$101.1 million provided against an associated company principally engaged in chrome and platinum group metals mining, processing and trading in South Africa as the Group's share of its market value was lower than the carrying value;
 - (ii) an impairment loss of HK\$85.4 million provided against an associated company principally engaged in development and manufacturing of advanced robotics business taken into consideration the under-performance of its business brought by the downturn in market demand from the slow recovery of economy; and
 - (iii) a reversal of impairment loss of HK\$67.7 million recognized by the Group related to an associated company principally engaged in construction business primarily based on fair value less cost of disposal approach with reference to the Group's share of market value of the listed shares on the date which the Group reclassified such investment to financial assets at FVOCI in FY2024.

In addition to above, a share of impairment losses from an associated company of HK\$63.1 million was recognized by the Group in FY2024.

Management is of the view that there is no material impairment of the Group's investments in associated companies as at 30 June 2025.



21 ASSOCIATED COMPANIES (CONTINUED)

(d) Amounts receivable are analyzed as follows:

	Note	2025 HK\$m	2024 HK\$m
Interest bearing	(i)	1,707.6	1,721.8
Non-interest bearing		413.2	320.5
		2,120.8	2,042.3

(i) The balance includes an amount of HK\$77.6 million (2024: HK\$101.8 million) which carries interest at 8% per annum and aggregate amounts of HK\$1,630.0 million (2024: HK\$1,620.0 million) which carries interest at 6-month HIBOR plus a margin of 1.3% per annum.

As at 30 June 2025, 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\$78.2 million (2024: HK\$144.0 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\$302.2 million (2024: HK\$365.0 million). The amount of dividend income received during the current year amounting to HK\$243.7 million (2024: HK\$257.4 million) is disclosed in the consolidated statement of cash flows. Besides, dividend income of HK\$58.5 million (2024: HK\$107.6 million) was reinvested as capital contribution to the corresponding project by the Group.
- (g) Details of principal associated companies are given in note 49. The directors of the Company are of the view that as at 30 June 2025, there is no individual associated company that was material to the Group.
- (h) Financial guarantees relating to associated companies are disclosed in note 41.



21 ASSOCIATED COMPANIES (CONTINUED)

(i) The Group's share of revenue and results of associated companies are summarized below:

	2025 HK\$m	2024 HK\$m
Revenue	4,761.7	6,494.2
Profit for the year	210.4	14.8
Other comprehensive income for the year	36.2	100.1
Total comprehensive income for the year	246.6	114.9

(j) The Group's share of assets and liabilities of associated companies are summarized below:

	2025 HK\$m	2024 HK\$m
Total assets	10,299.3	9,005.1
Total liabilities	(7,893.8)	(6,698.4)
Net assets	2,405.5	2,306.7

22 JOINT VENTURES

	Note	2025 HK\$m	2024 HK\$m
Group's share of net assets, including goodwill	(d), (e)	14,619.0	15,776.1
Amounts receivable			
Gross amount	(f)	2,779.5	2,903.7
Less: provision	(g)	(1,246.8)	(1,276.0)
	(a), (b), (c)	16,151.7	17,403.8



22 JOINT VENTURES (CONTINUED)

- (a) As at 30 June 2025, the carrying amount mainly represents the Group's investments in various roads, logistics, strategic investments and other projects.
- (b) During FY2025, the share of results of joint ventures includes the Group's share of loss from a joint venture, Hyva I B.V., associated with its disposal of subsidiaries, including the related release of reserves, of HK\$206.3 million.

In October 2024, Hyva I B.V. and one of its subsidiaries entered into a conditional sale and purchase agreement to dispose of all of their entire interests in Hyva Group, which is principally engaged in manufacturing and supply of components used in hydraulic loading and unloading systems. The enterprise value of the transaction amounted to US\$425 million, with the Group's share of net proceeds of approximately HK\$1.2 billion. The transaction was completed in January 2025.

In addition, in relation to the Group's investment in an expressway through a joint venture, the Group has conducted an impairment assessment of the recoverability of the carrying value of the joint venture based on value in use approach by using discounted cash flow method with reference to independent traffic consultant report and certain prevailing market conditions. According to the assessment, the Group shared an impairment loss of HK\$328.1 million during FY2025 and included this amount in "share of results of joint ventures".

Except for above, management is of the view that there is no other material impairment of the Group's investments in joint ventures as at 30 June 2025.

- (c) Goshawk (a joint venture with 50% equity interest held by the Group and previously engaged in commercial aircraft leasing) made full impairment for loss of six aircraft in the financial year ended 30 June 2022. Goshawk filed insurance claims in this regard.

During FY2025, Goshawk has concluded the settlement agreements with various insurers and an aggregate amount of approximately US\$155.8 million (equivalent to approximately HK\$1.2 billion) have been received. Accordingly, the Group shared a non-operating income of HK\$607.8 million and this amount was included in "share of results of joint ventures".

- (d) As at 30 June 2025, 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\$1,166.8 million (2024: HK\$1,393.4 million), as a security for a bank loan of that joint venture.



22 JOINT VENTURES (CONTINUED)

- (e) As at 30 June 2025, the Group's share of fair value of an investment property held by a joint venture principally engaged in logistics business amounted to HK\$8,400.5 million (2024: HK\$8,400.5 million). If the market value of this investment property as at 30 June 2025 had been 5% (2024: 5%) higher/lower with all other variables held constant, the Group's share of carrying value of this investment property would have been HK\$420.0 million (2024: HK\$420.0 million) higher/lower respectively.

- (f) Amounts receivable are analyzed as follows:

	Note	2025 HK\$m	2024 HK\$m
Interest bearing	(i)	78.7	183.4
Non-interest bearing	(ii)	2,700.8	2,720.3
		2,779.5	2,903.7

- (i) The balance includes an amount of HK\$78.7 million (2024: HK\$32.3 million) which carries interest at 3.65% per annum. Balance as at 30 June 2024 also included an amount of HK\$151.1 million which carried interest at 4% per annum.
- (ii) The balance includes an amount of HK\$197.5 million (2024: HK\$197.5 million) which has been subordinated to certain indebtedness of a joint venture.

As at 30 June 2025, the carrying amounts of the amounts receivable are not materially different from their fair values.

- (g) During the current year, net reversal of provision for amounts receivable from certain joint ventures of HK\$35.3 million (2024: HK\$33.3 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.
- (h) Dividend income from joint ventures for the current year is HK\$1,726.2 million (2024: HK\$1,261.0 million). The amounts of dividend income received during the current year amounting to HK\$957.5 million (2024: HK\$978.1 million) and dividend income received from a joint venture in respect of insurance claims of HK\$600.6 million (2024: nil) are disclosed in the consolidated statement of cash flows. Besides, dividend income of HK\$133.6 million (2024: HK\$195.5 million) was reinvested as capital contribution to the corresponding projects by the Group.



22 JOINT VENTURES (CONTINUED)

- (i) Details of principal joint ventures are given in note 50. The directors of the Company are of the view that as at 30 June 2025, there is no individual joint venture that was material to the Group.
- (j) Financial guarantees relating to joint ventures are disclosed in note 41.
- (k) The Group's share of revenue and results of joint ventures are summarized below:

	2025 HK\$m	2024 HK\$m
Revenue	4,657.5	6,663.3
Profit for the year	1,055.8	842.0
Other comprehensive income/(loss) for the year	322.3	(44.2)
Total comprehensive income for the year	1,378.1	797.8

- (l) The Group's share of assets and liabilities of joint ventures are summarized below:

	2025 HK\$m	2024 HK\$m
Total assets	24,185.4	28,111.7
Total liabilities	(11,018.0)	(13,823.9)
Net assets	13,167.4	14,287.8



23 DEBT INSTRUMENTS AS FINANCIAL ASSETS AT AMORTIZED COST

	2025 HK\$'m	2024 HK\$'m
Listed overseas	1,283.0	1,285.7
Unlisted	136.7	105.7
	1,419.7	1,391.4
Expected to recover after 12 months	1,325.9	1,391.4
Expected to recover within 12 months	93.8	–
	1,419.7	1,391.4

(a) The aggregate fair values of debt instruments as financial assets at amortized cost is HK\$1,124.2 million (2024: HK\$1,078.3 million).

(b) The debt instruments as financial assets at amortized cost are denominated in the following currencies:

	2025 HK\$'m	2024 HK\$'m
Hong Kong dollar	28.0	–
United States dollar	1,391.7	1,391.4
	1,419.7	1,391.4



24 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	2025 HK\$'m	2024 HK\$'m
Equity instruments			
Listed in Hong Kong		505.7	885.3
Listed overseas		49.9	14.1
Unlisted	(a)	23.6	4.5
		579.2	903.9
Debt instruments			
Listed in Hong Kong		1,331.3	760.2
Listed overseas		8,952.8	8,194.7
Unlisted	(a)	2,372.8	1,765.6
	(b)	12,656.9	10,720.5
	(c)	13,236.1	11,624.4
Expected to recover after 12 months		12,442.5	10,618.5
Expected to recover within 12 months		793.6	1,005.9
		13,236.1	11,624.4



24 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

- (a) Unlisted investments are stated at fair values which are determined using valuation techniques as detailed in note 4(h)(v).
- (b) A maturity profile of the debt instruments is as follows:

	2025 HK\$m	2024 HK\$m
Within one year	739.0	561.8
In the second to fifth year	3,830.6	2,687.8
After the fifth year	8,087.3	7,470.9
	12,656.9	10,720.5

- (c) The financial assets at FVOCI are denominated in the following currencies:

	2025 HK\$m	2024 HK\$m
Hong Kong dollar	815.6	987.3
United States dollar	12,365.6	10,637.1
Australian dollar	54.9	–
	13,236.1	11,624.4



25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2025 HK\$m	2024 HK\$m
Equity instruments			
Listed in Hong Kong		1,393.1	1,036.1
Listed overseas		561.7	151.3
Unlisted	(a)	140.7	189.2
		2,095.5	1,376.6
Debt instruments			
Listed in Hong Kong		5,220.7	5,481.7
Listed overseas		39,407.2	37,568.3
Unlisted	(a)	3,563.1	2,872.9
	(c)	48,191.0	45,922.9
Investment funds			
Listed		11,858.0	5,130.4
Unlisted	(a)	7,743.9	7,316.7
	(b)	19,601.9	12,447.1
	(d)	69,888.4	59,746.6
Expected to recover after 12 months		69,276.9	59,133.1
Expected to recover within 12 months		611.5	613.5
		69,888.4	59,746.6

Financial assets at FVPL related to unit-linked contracts are detailed in note 29(a).

- (a) Unlisted investments are stated at fair values which are estimated using a variety of valuation methods as detailed in note 4(h)(v).
- (b) As at 30 June 2025, the Group holds certain investment funds with aggregate carrying amount of HK\$5,077.6 million (2024: HK\$4,482.2 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.



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

(c) A maturity profile of the debt instruments is as follows:

	2025 HK\$m	2024 HK\$m
Within one year	597.1	605.7
In the second to fifth year	5,588.7	5,337.2
After the fifth year	42,005.2	39,980.0
	48,191.0	45,922.9

(d) The financial assets at FVPL are denominated in the following currencies:

	2025 HK\$m	2024 HK\$m
Hong Kong dollar	5,305.5	4,300.9
United States dollar	61,989.1	53,552.1
Renminbi	970.8	1,196.3
Euro	1,010.5	599.2
Pound Sterling	128.6	97.5
Australian dollar	351.5	0.3
Singapore dollar	132.1	–
Others	0.3	0.3
	69,888.4	59,746.6



26 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2025 HK\$'m	2024 HK\$'m
Derivative financial assets			
Cross currency swaps	(a)	42.7	347.0
Interest rate swaps	(b)	–	9.4
Foreign exchange forward contracts		–	3.9
Option contracts		18.1	6.9
Others	43(a)	195.0	–
		255.8	367.2
Represented by			
Expected to recover after 12 months		237.7	59.5
Expected to recover within 12 months		18.1	307.7
		255.8	367.2
Derivative financial liabilities			
Cross currency swaps	(a)	(704.1)	(334.6)
Bond forward contracts	4(c)	(381.6)	–
Interest rate swaps	(b)	(90.0)	(0.7)
Foreign exchange forward contracts		(29.4)	(2.2)
Option contracts		(62.1)	(47.4)
		(1,267.2)	(384.9)
Represented by			
Expected to settle after 12 months		(968.6)	(335.0)
Expected to settle within 12 months		(298.6)	(49.9)
		(1,267.2)	(384.9)



26 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cross currency swaps

As at 30 June 2025, 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 (2024: US\$5.6 million), HK\$8,505.7 million (2024: HK\$5,505.7 million) and US\$640.0 million (2024: US\$240.0 million), respectively and with maturities ranging from 2026 to 2029 (2024: 2025 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\$178.1 million (2024: cumulative gains of HK\$90.4 million).

As at 30 June 2025, 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\$4,500.0 million (2024: HK\$3,000.0 million). The cumulative losses on net investment hedges in the exchange reserve amounted to HK\$50.4 million (2024: cumulative gains of HK\$42.4 million).

(b) Interest rate swaps

As at 30 June 2025, 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\$4,000.0 million (2024: HK\$2,500.0 million) with maturities ranging from 2026 to 2029 (2024: 2025 to 2026). 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.



26 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate swaps (continued)

As at 30 June 2025, the Group's insurance business has certain forward starting swap contracts designated as cash flow hedges against its interest rate risk in respect of bonds to be purchased in the future. Under the contracts, after the forward date, the Group's insurance business will be entitled to receive fixed rate of around 4% to 5% per annum, and required to pay floating rate based on Secured Overnight Financing Rate administrated by the Federal Reserve Bank of New York ("SOFR"). The total notional amount was US\$8.73 million (2024: US\$8.73 million). The Group's insurance business seeks to hedge the interest rate risk by the exchange of payments benchmarked against the targeted fixed interest rate. The Group's insurance business applies an approximate hedge ratio of 1:1 and determines the existence of an economic relationship between the forward starting swap contracts and the debt security investments by matching their critical terms, including the currency and forward date.

These cash flow hedges were assessed to be highly effective and the related cumulative losses in the hedge reserve amounted to HK\$113.4 million (2024: HK\$8.6 million).

27 TRADE AND OTHER RECEIVABLES

	Note	2025 HK\$'m	2024 HK\$'m
Trade receivables	(a)	1,853.2	1,927.4
Other receivables, deposits and prepayments	(b)	1,597.7	1,580.9
Retention money receivables		2,225.6	2,216.5
Securities trading settlement receivables		1,917.3	64.2
Contract assets	28	3,625.5	2,023.4
Deferred tax assets	35	60.7	84.9
Amounts due from associated companies	(c)	27.5	392.6
Amounts due from joint ventures	(c)	183.6	869.0
	(d)	11,491.1	9,158.9
Expected to recover after 12 months		2,439.1	2,431.6
Expected to recover within 12 months		9,052.0	6,727.3
		11,491.1	9,158.9



27 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The ageing analysis of trade receivables based on invoice date is as follows:

	2025 HK\$m	2024 HK\$m
Under 3 months	1,711.3	1,836.3
4 to 6 months	22.9	58.8
Over 6 months	119.0	32.3
	1,853.2	1,927.4

- (b) The balance includes construction related receivables amounting to HK\$152.4 million (2024: HK\$298.5 million) which have not yet been billed at year end.
- (c) As at 30 June 2025, 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\$7.6 million (2024: HK\$29.0 million) due from a joint venture which carries interest at Hong Kong prime rate. Balance as at 30 June 2024 also included an amount of HK\$578.5 million due from a joint venture which carried compound interest at 5% per annum and an amount of HK\$124.8 million due from a joint venture which carried interest at SOFR plus 12.15% per annum.
- (d) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate. Retention money receivables in respect of construction services are settled in accordance with the terms of respective contracts and majority of the balances are expected to settle beyond one year after the year end.



27 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) (continued)

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for trade receivables, retention money receivables and contract assets. In relation to other receivables, deposits and amounts due from associated companies and joint ventures, the expected credit loss allowances are measured as either 12-month or lifetime expected credit loss. 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 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

HK\$m	Note	Trade receivables	Other receivables and deposits	Retention money receivables	Contract assets	Amounts due from joint ventures	Total
As at 1 July 2023		40.4	237.8	136.8	22.8	–	437.8
Expected credit loss							
provision recognized	8	0.1	22.9	6.7	–	0.9	30.6
Reversals	8	(35.5)	(16.0)	–	(18.7)	–	(70.2)
Amount written off		–	(12.6)	–	–	(0.9)	(13.5)
As at 30 June 2024		5.0	232.1	143.5	4.1	–	384.7

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\$7.0 million expected credit loss provision has been made (2024: expected credit loss provision reversed of HK\$26.9 million). 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\$19.7 million (2024: HK\$12.7 million) expected credit loss provision has been reversed based on amount recovered during the year.

- (e) Included in the Group's trade and other receivables are HK\$2,062.4 million (2024: HK\$1,142.5 million) denominated in United States dollar and HK\$490.2 million (2024: HK\$382.4 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.



28 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets and contract liabilities are related to the Group's construction business, details are as follows:

	Note	2025 HK\$'m	2024 HK\$'m
Contract assets	27	3,625.5	2,023.4
Contract liabilities	38	(280.0)	(512.3)
		3,345.5	1,511.1

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:

	2025 HK\$'m	2024 HK\$'m
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	485.6	305.5
Revenue recognized from performance obligations satisfied/partially satisfied in previous years	507.6	752.2

The following table shows the amount of unsatisfied performance obligations:

	2025 HK\$'m	2024 HK\$'m
Expected to be recognized within one year	20,831.3	11,878.5
Expected to be recognized after one year	17,622.9	19,033.2
	38,454.2	30,911.7



29 INVESTMENTS/FINANCIAL LIABILITIES RELATED TO UNIT-LINKED CONTRACTS

(a) Investments related to unit-linked contracts are analyzed as follows:

	2025 HK\$'m	2024 HK\$'m
Financial assets at FVPL — Investment funds	9,683.4	9,018.0
Cash and bank balances	26.7	23.3
	9,710.1	9,041.3

The balance is expected to recover within 12 months.

(b) Financial liabilities related to unit-linked contracts are analyzed as follows:

	2025 HK\$'m	2024 HK\$'m
Expected to settle after 12 months	124.2	125.3
Expected to settle within 12 months	4,059.4	4,063.5
	4,183.6	4,188.8

30 CASH AND BANK BALANCES

	2025 HK\$'m	2024 HK\$'m
Time deposits — with original maturity within three months	7,658.0	5,205.7
Time deposits — with original maturity more than three months	13.9	13.6
Other cash at bank and on hand	12,538.8	9,568.7
	20,210.7	14,788.0

The effective interest rate on time deposits is 3.01% (2024: 4.37%) per annum; these deposits have an average maturity of 13 days (2024: 20 days).

The balances include HK\$2,750.5 million (2024: HK\$1,678.9 million) which are kept in the bank accounts opened with banks in the Mainland where the remittance of funds is subject to foreign exchange control.



30 CASH AND BANK BALANCES (CONTINUED)

The cash and bank balances are denominated in the following currencies:

	2025 HK\$m	2024 HK\$m
Hong Kong dollar	4,003.6	3,978.1
United States dollar	12,970.4	7,932.3
Renminbi	2,966.6	2,759.7
Euro	245.9	97.0
Macau Pataca	4.8	4.1
Others	19.4	16.8
	20,210.7	14,788.0

31 ASSETS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD-FOR-SALE

During FY2024, the Group entered into a conditional sale and purchase agreement pursuant to which the Group agreed to dispose of its entire equity interest in certain subsidiaries engaged in duty free operations and general trading business. Accordingly, the related disposal group was classified as assets/liabilities held-for-sale as at 30 June 2024 and was measured at the lower of carrying amount and fair value less costs to sell. The transaction was completed on 18 December 2024.

The assets and liabilities classified as held-for-sale as at 30 June 2024, which have been presented separately in the consolidated statement of financial position, were as follows:

	Note	2024 HK\$m
Assets held-for-sale		
Property, plant and equipment	19	16.9
Right-of-use assets		10.0
Inventories		152.6
Trade and other receivables		40.8
Cash and bank balances		153.0
Assets held-for-sale		373.3
Liabilities directly associated with assets held-for-sale		
Trade and other payables		(335.8)
Lease liabilities	42(c)	(9.0)
Taxation		(21.2)
		(366.0)



32 SHARE CAPITAL

	Ordinary shares	
	No. of shares	HK\$m
Authorized		
As at 1 July 2023, 30 June 2024 and 30 June 2025	6,000,000,000	6,000.0
Issued and fully paid		
As at 1 July 2023	3,910,482,349	3,910.5
Exercise of share options	1,428,000	1.4
Issued as scrip dividends	85,629,736	85.6
As at 30 June 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

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) (the “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 Share Option Scheme to subscribe for the shares of the Company.

On 24 January 2025, 99,969,342 share options were granted to directors of the Company and certain eligible participants at the exercise price of HK\$7.464 per share. The share options granted have a vesting period of 1 to 3 years and will be vested according to the Share Option Scheme and the terms of grant provided that the grantee remains as an eligible participant on such vesting date.



32 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 of each category	
		2025	2024	2025 HK\$	2024 HK\$
At beginning of year		–	84,504,150	–	7.830
Granted	(a)	99,969,342	–	7.464	–
Adjusted		–	1,586	–	7.786
Exercised		–	(1,428,000)	–	7.830
Lapsed/cancelled		(1,482,991)	(83,077,736)	7.464	7.830
At end of year		98,486,351	–	7.464	–
Exercisable as at end of year		–	–	–	–

- (a) 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\$1.12 and HK\$1.08 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\$7.31 at the date of grant, the risk-free rate of 3.80% 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 expected option life of ten years.



33 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 2024 and 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	13	-	-	-	-	-	-	-	-	(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		-	-	-	-	(25.2)	-	-	-	-	(25.2)
Company and subsidiaries		-	-	-	-	(48.8)	-	-	-	-	(48.8)
Associated company		-	-	-	-	-	-	-	-	-	-
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



Notes to the Financial Statements

33 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 2023		17,817.0	561.0	6,335.3	121.0	(1,143.6)	(2,121.7)	(115.9)	(1,880.2)	22,133.7	41,706.6
Profit attributable to shareholders of the Company		-	-	-	-	-	-	-	-	2,084.2	2,084.2
Dividends paid to shareholders of the Company		-	-	-	-	-	-	-	-	(9,388.6)	(9,388.6)
Deregistration of subsidiaries		-	(0.6)	-	-	-	-	-	(9.1)	4.7	(5.0)
Release of reserve upon reclassification of interest in an associated company to financial assets at FVOCI		-	(59.1)	-	-	-	-	-	6.1	47.1	(5.9)
Release of reserve upon disposal of debt instruments as financial assets at FVOCI		-	-	-	-	-	123.7	-	-	-	123.7
Net fair value change on equity instruments as financial assets at FVOCI		-	-	-	-	(195.0)	-	-	-	-	(195.0)
Company and subsidiaries		-	-	-	-	107.7	-	-	-	-	107.7
Associated company		-	-	-	-	-	-	-	-	-	-
Net fair value change on debt instruments as financial assets at FVOCI and other net movement		-	-	-	-	-	(27.8)	-	-	-	(27.8)
Currency translation differences		-	-	-	-	-	-	-	(37.7)	-	(37.7)
Scrip dividends		-	-	-	-	-	-	-	-	-	-
New shares issued		476.8	-	-	-	-	-	-	-	-	476.8
Share options		-	-	-	-	-	-	-	-	-	-
Value of services provided		-	-	-	-	-	-	-	-	-	-
Company and subsidiaries	10(a)	-	44.4	-	-	-	-	-	-	-	44.4
New shares issued		9.8	-	-	-	-	-	-	-	-	9.8
Share of other comprehensive income and reserve of associated companies and joint ventures		-	(35.2)	-	-	-	-	-	-	2.2	(33.0)
Net insurance finance expenses		-	-	-	-	-	-	(21.2)	-	-	(21.2)
Cash flow hedges		-	-	-	(39.2)	-	-	-	-	-	(39.2)
Remeasurement of post-employment benefit obligation		-	-	-	-	-	-	-	-	15.9	15.9
Redemption of perpetual capital securities	14	-	-	-	-	-	-	-	-	102.7	102.7
Transaction cost in relation to issuance of perpetual capital securities		-	-	-	-	-	-	-	-	(19.7)	(19.7)
Transfer of reserve upon disposal of equity instruments as financial assets at FVOCI		-	-	-	-	583.9	-	-	-	(583.9)	-
Other transfer of reserves		-	(66.2)	-	-	-	-	-	-	66.2	-
As at 30 June 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

Special reserves include statutory reserves which are created in accordance with the relevant laws of the Mainland and/or terms of the joint venture agreements of subsidiaries and joint ventures established in the 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.



34 PERPETUAL CAPITAL SECURITIES

The balance at the beginning of FY2025 represented:

- (a) US\$268.2 million in aggregate principal amount of senior perpetual capital securities issued in December 2022 with floating coupon to a private investor (the “2022 Perpetual Capital Securities”); and
- (b) US\$300.0 million in aggregate principal amount of senior perpetual capital securities issued in June 2024 with floating coupon to a private investor.

During FY2025, the Group redeemed in whole the outstanding principal amount of the 2022 Perpetual Capital Securities.

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.

35 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	2025 HK\$'m	2024 HK\$'m
Deferred tax assets	27	60.7	84.9
Deferred tax liabilities		(1,152.1)	(1,266.5)
		(1,091.4)	(1,181.6)

	Note	2025 HK\$'m	2024 HK\$'m
At beginning of year		(1,181.6)	(1,276.0)
Translation differences		(18.5)	5.9
Acquisition of subsidiaries		0.8	–
Consolidation of a subsidiary		–	(10.0)
Net amount credited to the consolidated income statement	12	107.9	98.5
At end of year		(1,091.4)	(1,181.6)



35 DEFERRED TAX (CONTINUED)

- (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\$1,202.7 million (2024: HK\$2,026.7 million) to be carried forward against future taxable income. These tax losses have no expiry dates except for the tax losses of HK\$326.8 million (2024: HK\$256.3 million) which will expire at various dates up to and including 2030 (2024: 2029).
- (b) As at 30 June 2025, the aggregate amount of unrecognized deferred tax liabilities associated with investments in subsidiaries totalled HK\$10.3 million (2024: HK\$40.5 million). For this unrecognized amount, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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

HK\$m	Tax losses		Other deductible temporary differences		Total	
	2025	2024	2025	2024	2025	2024
At beginning of year	71.9	99.8	40.6	46.7	112.5	146.5
Translation differences	–	–	0.3	(0.8)	0.3	(0.8)
Acquisition of subsidiaries	–	–	4.1	–	4.1	–
Charged to the consolidated income statement	(38.0)	(27.9)	(3.0)	(5.3)	(41.0)	(33.2)
At end of year	33.9	71.9	42.0	40.6	75.9	112.5

Deferred tax liabilities

HK\$m	Note	Accelerated tax depreciation		Amortization of concession rights		Undistributed profits of subsidiaries, associated companies and joint ventures		Others		Total	
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
At beginning of year		(40.4)	(32.7)	(1,047.0)	(1,179.9)	(194.4)	(198.6)	(12.3)	(11.3)	(1,294.1)	(1,422.5)
Translation differences		–	–	(15.6)	5.7	(3.2)	1.0	–	–	(18.8)	6.7
Acquisition of subsidiaries	43(a)	–	–	–	–	–	–	(3.3)	–	(3.3)	–
Consolidation of a subsidiary		–	–	–	–	–	–	–	(10.0)	–	(10.0)
Credited/(charged) to the consolidated income statement		7.1	(7.7)	146.9	127.2	(5.8)	3.2	0.7	9.0	148.9	131.7
At end 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)



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

An analysis by measurement component of insurance contracts are as follows:

	2025 HK\$m	2024 HK\$m
Estimates of present value of future cash flows	65,615.7	54,468.7
Risk adjustment for non-financial risk	1,174.5	1,189.7
CSM	9,273.0	8,359.2
Net balance	76,063.2	64,017.6
Insurance contract assets	(1,418.6)	(548.3)
Insurance contract liabilities	77,481.8	64,565.9
	76,063.2	64,017.6
Expected to settle after 12 months	75,739.8	64,656.5
Expected to settle/(recover) within 12 months	323.4	(638.9)
	76,063.2	64,017.6



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

An analysis by measurement component of reinsurance contracts held are as follows:

	2025 HK\$m	2024 HK\$m
Estimates of present value of future cash flows	(6.8)	80.0
Risk adjustment for non-financial risk	(20.8)	(41.8)
CSM	(69.8)	(203.9)
Net balance	(97.4)	(165.7)
Reinsurance contract assets	(97.4)	(221.2)
Reinsurance contract liabilities	–	55.5
	(97.4)	(165.7)
Expected to (recover)/settle after 12 months	(5.6)	96.6
Expected to recover within 12 months	(91.8)	(262.3)
	(97.4)	(165.7)

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.



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA

2025	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component		
HK\$m					
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 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



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts not measured under the PAA (continued)

2024	HK\$m	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
			Excluding loss component	Loss component		
Opening assets			(1,235.9)	0.2	75.4	(1,160.3)
Opening liabilities			55,915.8	18.9	259.5	56,194.2
Net opening balance			54,679.9	19.1	334.9	55,033.9
Insurance revenue		6	(3,076.3)	–	–	(3,076.3)
Insurance service expenses						
Incurred claims and other insurance service expenses			–	(16.6)	1,571.4	1,554.8
Amortization of insurance acquisition cash flows			676.3	–	–	676.3
Losses and reversals of losses on onerous contracts			–	18.8	–	18.8
Adjustments to liabilities for incurred claims			–	–	105.9	105.9
Total insurance service expenses			676.3	2.2	1,677.3	2,355.8
Investment components			(2,269.4)	–	2,269.4	–
Insurance service result			(4,669.4)	2.2	3,946.7	(720.5)
Net finance expenses from insurance contracts			1,440.1	–	17.4	1,457.5
Total changes in the consolidated statement of comprehensive income			(3,229.3)	2.2	3,964.1	737.0
Cash flows						
Premium received			13,101.9	–	–	13,101.9
Claims and other insurance service expenses paid; including investment components			–	–	(3,868.5)	(3,868.5)
Insurance acquisition cash flows			(3,584.8)	–	–	(3,584.8)
Other amounts received			2,516.8	–	–	2,516.8
Total cash flows			12,033.9	–	(3,868.5)	8,165.4
Net closing balance			63,484.5	21.3	430.5	63,936.3
Closing assets			(1,070.7)	0.6	521.8	(548.3)
Closing liabilities			64,555.2	20.7	(91.3)	64,484.6
Net closing balance			63,484.5	21.3	430.5	63,936.3



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by measurement component of insurance contracts not measured under the PAA

2025	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value transition approach	Other contracts	
HK\$m					
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					
<u>Changes that relate to current services</u>					
CSM recognized for services received	-	-	(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)
<u>Changes that relate to future services</u>					
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)
<u>Changes that relate to past services</u>					
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



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by measurement component of insurance contracts not measured under the PAA (continued)

2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value transition approach	Other contracts	
HK\$m					
Opening assets	(2,522.9)	234.9	1,031.6	96.1	(1,160.3)
Opening liabilities	49,099.4	1,005.9	5,076.2	1,012.7	56,194.2
Net opening balance	46,576.5	1,240.8	6,107.8	1,108.8	55,033.9
Insurance service result					
Changes that relate to current services					
CSM recognized for services received	–	–	(655.5)	(225.2)	(880.7)
Change in risk adjustment for non-financial risk	–	(6.0)	–	–	(6.0)
Experience adjustments	41.4	–	–	–	41.4
Changes that relate to future services					
Contracts initially recognized in the year	(1,496.1)	137.2	–	1,361.7	2.8
Changes in estimates that adjust the CSM	(533.9)	(182.0)	844.7	(128.8)	–
Changes in estimates that result in losses and reversals of losses on onerous contracts	16.3	(0.3)	–	–	16.0
Changes that relate to past services					
Adjustments to assets for incurred claims	106.0	–	–	–	106.0
Total insurance service result	(1,866.3)	(51.1)	189.2	1,007.7	(720.5)
Net finance expenses/(income) from insurance contracts	1,511.8	–	1.2	(55.5)	1,457.5
Total changes in the consolidated statement of comprehensive income	(354.5)	(51.1)	190.4	952.2	737.0
Cash flows					
Premium received	13,101.9	–	–	–	13,101.9
Claims and other insurance service expenses paid; including investment components	(3,868.5)	–	–	–	(3,868.5)
Insurance acquisition cash flows	(3,584.8)	–	–	–	(3,584.8)
Other amounts received	2,516.8	–	–	–	2,516.8
Total cash flows	8,165.4	–	–	–	8,165.4
Net closing balance	54,387.4	1,189.7	6,298.2	2,061.0	63,936.3
Closing assets	(1,650.4)	249.8	699.2	153.1	(548.3)
Closing liabilities	56,037.8	939.9	5,599.0	1,907.9	64,484.6
Net closing balance	54,387.4	1,189.7	6,298.2	2,061.0	63,936.3



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts under the PAA

2025	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
HK\$'m						
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



36 INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

Analysis by remaining coverage and incurred claims of insurance contracts under the PAA (continued)

2024		Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
HK\$'m	Note					
Opening assets		–	–	–	–	–
Opening liabilities		109.1	–	111.1	–	220.2
Net opening balance		109.1	–	111.1	–	220.2
Insurance revenue	6	(170.2)	–	–	–	(170.2)
Insurance service expenses						
Incurred claims and other insurance service expenses		–	–	116.6	–	116.6
Amortization of insurance acquisition cash flows		26.5	–	–	–	26.5
Losses and reversals of losses on onerous contracts		–	–	–	–	–
Adjustments to liabilities for incurred claims		–	–	9.1	–	9.1
Total insurance service expenses		26.5	–	125.7	–	152.2
Investment components		0.1	–	(0.1)	–	–
Insurance service result		(143.6)	–	125.6	–	(18.0)
Net finance (income)/expenses from insurance contracts		(0.1)	–	0.4	–	0.3
Total changes in the consolidated statement of comprehensive income		(143.7)	–	126.0	–	(17.7)
Cash flows						
Premium received		144.3	–	–	–	144.3
Claims and other insurance service expenses paid; including investment components		–	–	(240.9)	–	(240.9)
Insurance acquisition cash flows		(24.6)	–	–	–	(24.6)
Other amounts received		–	–	–	–	–
Total cash flows		119.7	–	(240.9)	–	(121.2)
Net closing balance		85.1	–	(3.8)	–	81.3
Closing assets		–	–	–	–	–
Closing liabilities		85.1	–	(3.8)	–	81.3
Net closing balance		85.1	–	(3.8)	–	81.3



36 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 2025	2.74%–5.79%
As at 30 June 2024	4.40%–5.54%

37 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES

	Note	2025 HK\$'m	2024 HK\$'m
Secured long-term bank loans	(a), (b)	3,861.0	4,057.4
Unsecured long-term bank loans	(b)	21,378.1	19,300.3
Unsecured short-term bank loans		41.5	623.7
Unsecured fixed rate bonds	(c)	9,581.2	5,742.6
Financing received under a financial reinsurance arrangement	(d)	–	155.9
Cash collateral received for cross currency swap and forward starting interest rate swap contracts	(e)	–	15.5
		34,861.8	29,895.4

- (a) As at 30 June 2025, the Group's intangible concession rights of two expressways in Hunan with net book value of HK\$6,040.4 million (2024: HK\$6,446.9 million) and certain investment properties in Hong Kong and Suzhou with balance of HK\$1,095.8 million (2024: HK\$1,251.5 million) were pledged as securities for these bank loans.



37 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

(b) Long-term bank loans

The maturity of long-term bank loans is as follows:

	2025 HK\$'m	2024 HK\$'m
Within one year	7,080.0	3,770.9
In the second year	7,210.1	9,026.1
In the third to fifth year	9,119.7	8,537.0
After the fifth year	1,829.3	2,023.7
	25,239.1	23,357.7

The effective interest rates of bank loans at the end of the reporting period were as follows (after taken into account cross currency swap contacts and interest rate swap contracts entered):

	2025	2024
Hong Kong dollar	1.87%	5.43%
Renminbi	3.38%	3.52%

(c) Fixed rate bonds

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 2025, US\$243.6 million (2024: US\$243.6 million) in aggregate principal amount of the bonds remains outstanding;
- (ii) 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;
- (iii) 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;



37 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

(c) Fixed rate bonds (continued)

- (iv) 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;
- (v) 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; and
- (vi) 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. 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 a conversion price of HK\$8.043 per share, subject to adjustments. The conversion price was adjusted to HK\$7.39 per share effective on 22 March 2025 following the payment of dividends. During FY2025, HK\$96.0 million in aggregate principal amount of the convertible bonds were converted into shares of the Company.

As at 30 June 2025, the fair value of the bonds amounted to HK\$9,250.4 million (2024: HK\$5,653.2 million) which is based on the quoted market prices.

- (d) The Group had a financial reinsurance arrangement with a reinsurer. Under the financial reinsurance arrangement, the Group had received an up-front fee of US\$103 million at finance cost of 3-month HIBOR plus 2.975% per annum.
- (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 (c) above, the carrying amounts of the borrowings and other interest-bearing liabilities approximate their fair values.
- (g) As at 30 June 2025, the Group's certain bank loans and fixed-rate bonds denominated in Renminbi of HK\$6,028.5 million (2024: HK\$6,282.4 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\$8.4 million (2024: cumulative gains of HK\$82.9 million).



37 BORROWINGS AND OTHER INTEREST-BEARING LIABILITIES (CONTINUED)

- (h) The carrying amounts of the borrowings and other interest-bearing liabilities are denominated in the following currencies (after taken into account cross currency swap contracts entered):

	2025 HK\$m	2024 HK\$m
Hong Kong dollar	13,338.5	11,625.1
Renminbi	21,506.3	18,084.5
United States dollar	17.0	185.8
	34,861.8	29,895.4

38 TRADE AND OTHER PAYABLES

	Note	2025 HK\$m	2024 HK\$m
Trade payables	(a)	943.0	1,038.6
Other payables and accruals	(b)	7,356.2	6,024.4
Retention money payables		1,858.4	1,847.6
Securities trading settlement payables		2,215.2	31.3
Contract liabilities	28	280.0	512.3
Amounts due to associated companies	(c)	12.9	4.1
Amount due to a joint venture	(c)	241.5	240.9
		12,907.2	9,699.2
Expected to settle after 12 months		2,261.9	2,395.2
Expected to settle within 12 months		10,645.3	7,304.0
		12,907.2	9,699.2



38 TRADE AND OTHER PAYABLES (CONTINUED)

(a) The ageing analysis of trade payables based on invoice date is as follows:

	2025 HK\$m	2024 HK\$m
Under 3 months	872.1	995.5
4 to 6 months	24.0	20.9
Over 6 months	46.9	22.2
	943.0	1,038.6

(b) The balance includes construction related accruals and provisions amounting to HK\$5,093.7 million (2024: HK\$3,994.5 million).

(c) The amounts payable are interest free, unsecured and have no fixed repayment terms.

(d) Included in the Group's trade and other payables are HK\$2,622.6 million (2024: HK\$368.6 million) denominated in United States dollar and HK\$478.5 million (2024: HK\$539.0 million) denominated in Renminbi. The remaining balances are mainly denominated in Hong Kong dollar.

39 LEASE LIABILITIES

The maturity of lease liabilities is as follows:

	2025 HK\$m	2024 HK\$m
Within one year	242.6	221.7
In the second year	212.1	166.2
In the third to fifth year	261.8	350.8
After the fifth year	0.4	0.2
	716.9	738.9
Represented by		
Expected to settle after 12 months	242.6	517.2
Expected to settle within 12 months	474.3	221.7
	716.9	738.9

For the year ended 30 June 2025, the total cash outflow for leases, which comprise payments for lease liabilities, short-term leases and variable leases, was HK\$401.0 million (2024: HK\$406.6 million).



40 COMMITMENTS

- (a) The outstanding commitments for capital expenditure are as follows:

	Note	2025 HK\$'m	2024 HK\$'m
Contracted but not provided for			
Property, plant and equipment		206.7	129.2
Intangible assets		14.5	0.2
Capital and loan contributions to/acquisition of associated companies and joint ventures	(i), (ii)	2,447.2	1,878.2
Investment funds, financial and other investments		3,243.6	3,251.8
		5,912.0	5,259.4

- (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\$1,419.3 million (2024: HK\$1,878.2 million) which represents the attributable portion of the capital and loan contributions committed to be made to the associated companies and joint ventures.
- (ii) On 18 March 2025, Valiant Voice Limited, an indirect wholly owned subsidiary of the Company, entered into certain conditional sale and purchase agreements to acquire in aggregate 43.93% effective interest of uSMART, a company which principally engages in the sectors of securities brokerage and financial technology software development and application, at an aggregate consideration of US\$131.8 million (equivalent to HK\$1,027.9 million) and to be completed at stages. The acquisition is yet to complete at the date of this report. Upon full completion, the Group's interest in uSMART will be accounted for as an associated company.
- (b) The Group's share of commitments for capital expenditure committed by the joint ventures not included above are as follows:

	2025 HK\$'m	2024 HK\$'m
Contracted but not provided for		
Property, plant and equipment	203.9	94.3

As at 30 June 2025, the Group shared the joint venture's commitment for the development of intangible concession right of HK\$1,273.7 million (2024: HK\$1,911.2 million) and such commitment would be financed by the loan arrangement entered by the joint venture.



40 COMMITMENTS (CONTINUED)

- (c) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	2025 HK\$'m	2024 HK\$'m
In the first year	121.6	144.9
In the second year	71.4	120.7
In the third year	51.4	87.0
In the fourth year	27.7	63.6
In the fifth year	12.9	29.5
After the fifth year	8.3	74.7
	293.3	520.4

The Group's operating leases terms range from 5 months to 15 years (2024: 9 months to 15 years).

41 FINANCIAL GUARANTEES

The Group's financial guarantees are as follows:

	2025 HK\$'m	2024 HK\$'m
Guarantees for credit facilities granted to		
Associated companies	2,272.5	1,870.0
Joint ventures	2,860.8	2,969.5
	5,133.3	4,839.5

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 2025 and 30 June 2024.

In addition, as at 30 June 2024, a joint and several guarantee in favour of the Hong Kong Government for the punctual, true and faithful performance and observance by KTSPL under the contract entered into between the Hong Kong Government and KTSPL for the design, construction and operation of KTSP is provided by its shareholders. KTSPL is an associated company of the Group in which the Group has a 25% interest. Taking into consideration the deed of counter-indemnity which has been entered into, as at 30 June 2024, the Group's guarantee towards KTSPL is up to the extent of 25% of the contract sum or an amount of approximately HK\$7.5 billion. Following the official opening of KTSP in March 2025, the Group considers the possibility of the obligation as remote as at 30 June 2025.



42 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash generated from operations:

	2025 HK\$m	2024 HK\$m
Operating profit	3,232.6	3,662.6
Depreciation and amortization	1,813.7	1,758.5
Net insurance finance expenses	5,223.4	1,431.0
Net (gain)/loss on fair value of financial assets at FVPL	(2,674.1)	1,588.5
Net gain associated with investments related to unit-linked contracts	(1,002.6)	(641.2)
Profit on disposal of assets held-for-sale	(42.7)	–
Reversal of provisions	–	(250.6)
Profit on disposal of interest in a joint venture	–	(6.4)
Profit on reclassification of interest in an associated company to financial assets at FVOCI	–	(5.9)
Interest income	(3,551.7)	(3,267.9)
Dividend income	(405.5)	(340.9)
Net loss on fair value of investment properties	582.7	380.5
Net loss on fair value of derivative financial statements	541.0	48.3
Net loss on disposal of debt instruments as financial assets at FVOCI	459.9	123.7
Impairment loss on intangible concession rights	311.9	–
Impairment losses related to associated companies, net of reversal	–	118.8
Expected credit loss provision, net of reversal	1.0	67.3
Share-based payment	24.3	44.4
Net exchange (gain)/loss	(79.1)	26.7
Other non-cash items	11.9	(39.2)
Operating profit before working capital changes	4,446.7	4,698.2
(Increase)/decrease in inventories	(2.4)	68.6
(Increase)/decrease in trade and other receivables	(3,193.6)	450.4
Increase/(decrease) in trade and other payables	2,366.2	(508.8)
Changes in insurance contracts	6,964.1	7,305.7
Changes in reinsurance contracts held	33.1	(143.8)
Decrease in financial liabilities related to unit-linked contracts	(5.2)	(235.8)
Purchases of financial assets at FVPL associated with investments related to unit-linked contracts	(8,872.8)	(5,258.9)
Disposal of financial assets at FVPL associated with investments related to unit-linked contracts	9,128.6	5,682.1
Changes in balances with associated companies, joint ventures and related companies	(17.8)	35.1
Changes in balances with non-controlling interests	–	(121.5)
Others	(3.2)	13.2
Net cash generated from operations	10,843.7	11,984.5



42 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries

During FY2024, the Group entered into a conditional sale and purchase agreement pursuant to which the Group agreed to dispose of its entire equity interest in certain subsidiaries engaged in duty free operations and general trading business. Accordingly, the related disposal group was classified as assets/liabilities held-for-sale as at 30 June 2024. The transaction was completed on 18 December 2024.

	Note	HK\$m
Net assets disposed of		
Assets held-for-sale		
Property, plant and equipment		26.5
Right-of-use assets		6.2
Inventories		224.4
Trade and other receivables		82.3
Cash and bank balances		42.8
Liabilities directly associated with assets held-for-sale		
Trade and other payables		(164.9)
Lease liabilities		(6.5)
Taxation		(5.2)
		205.6
Profit on disposal	8	42.7
		248.3
Represented by		
Cash consideration received		257.2
Other payables		(8.9)
		248.3



42 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities:

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	43(a)	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 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities: (continued)

HK\$m	Note	Bank loans and other interest- bearing liabilities	Fixed rate bonds	Loan from non- controlling interest	Lease liabilities	Total
As at 1 July 2023		20,301.9	3,495.0	13.4	963.4	24,773.7
Cash flows from financing activities						
Drawdown/issuance		13,660.2	2,245.6	–	–	15,905.8
Repayment		(9,755.0)	–	–	–	(9,755.0)
Decrease in cash collateral received from counterparties		(4.4)	–	–	–	(4.4)
Capital element of lease liabilities payments		–	–	–	(248.7)	(248.7)
New leases entered/leases modified		–	–	–	33.2	33.2
Interest on lease liabilities	11	–	–	–	33.7	33.7
Interest element of lease liabilities payments		–	–	–	(33.7)	(33.7)
Classified as liabilities directly associated with assets held-for-sale	31	–	–	–	(9.0)	(9.0)
Translation differences		(110.1)	(6.2)	–	–	(116.3)
Other non-cash movements		60.2	8.2	(13.4)	–	55.0
As at 30 June 2024		24,152.8	5,742.6	–	738.9	30,634.3



43 BUSINESS COMBINATION

On 22 July 2024, Power Might Enterprises Limited, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement to acquire the entire issued share capital and shareholder's loan of Hsin Chong Aster, a contractor in providing electrical and mechanical engineering services, at an initial consideration of HK\$538.6 million, subject to adjustment, and so adjusted to not less than HK\$311.0 million and not more than HK\$1,000.0 million. The acquisition was completed in March 2025 and Hsin Chong Aster was accounted for as an indirect wholly-owned subsidiary of the Company since then.

- (a) The fair value of assets acquired and liabilities assumed based on provisional assessment at the date of acquisition are as follows:

	Note	HK\$m
Intangible assets	16	20.3
Property, plant and equipment	19	0.3
Right-of-use assets		1.3
Trade and other receivables		529.8
Cash and bank balances		57.8
Borrowings	42(c)	(58.8)
Deferred tax liabilities	35	(3.3)
Other payables and accruals		(369.3)
Lease liabilities	42(c)	(1.6)
Taxation		(2.2)
Identifiable assets acquired and liabilities assumed		174.3
Provisional goodwill on acquisition	16	169.3
		343.6
Satisfied by consideration		
Cash		538.6
Contingent consideration receivable	26	(195.0)
		343.6
Consideration settled in cash during the year		538.6
Cash and cash equivalents of the subsidiaries acquired		(57.8)
Net cash outflow on acquisition during the year		480.8



43 BUSINESS COMBINATION (CONTINUED)

- (b) A provisional goodwill of HK\$169.3 million arising from the acquisition is attributable mainly to the benefit of talents and experience of the management and workforce of the acquired business and the integration of the electrical and mechanical engineering services provided by the target group with the Group's existing construction business to provide comprehensive one-stop services across residential, commercial, government and institutional sectors in Hong Kong.
- (c) The acquired business contributed revenue of HK\$359.2 million and net profit of HK\$4.6 million to the Group from the date of acquisition to 30 June 2025. If the acquisition had occurred at the beginning of the current reporting period, consolidated revenue and consolidated profit for the year would have been increased by HK\$1,356.8 million and HK\$11.3 million respectively.
- (d) The measurement of goodwill, identifiable assets acquired and liabilities assumed at the acquisition date will be subject to finalization within one year from the acquisition date in accordance with HKFRS 3 "Business Combinations". Any adjustment to the provisional amount, if necessary, will be reflected in the upcoming interim condensed consolidated financial statements or annual consolidated financial statements of the Group.

44 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	2025 HK\$m	2024 HK\$m
Transactions with affiliated companies	(i)		
Provision of other services	(iii)	0.6	0.6
Interest income	(iv)	117.1	149.4
Management fee income	(v)	13.1	22.4
Rental and other related expenses	(vi)	(0.7)	(2.4)
Other expenses	(viii)	(278.9)	(314.4)
Transactions with other related parties	(i)		
Provision of construction work services	(ii)	722.6	218.6
Provision of other services	(iii)	82.4	85.0
Interest income	(iv)	121.3	121.6
Rental, other related expenses and additions to right-of-use assets	(vi)	(29.1)	(24.6)
Mechanical and electrical engineering services	(vii)	(618.1)	(1,326.5)
Other expenses	(viii)	(217.3)	(229.8)



44 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

- (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 154 to 160 of this report.

With effect from the close of business on 17 November 2023, CTFC has become the ultimate holding company of the Company and CTF Enterprises has become an intermediate holding company of the Company.

CTF Enterprises is a substantial shareholder of NWD under the Listing Rules. NWD was the ultimate holding company of the Company before the close of business on 17 November 2023.

Mr Doo is the 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.

- (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 27 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.



44 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

- (vi) Rental and other related expenses were charged and additions to right-of-use assets were measured 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 2025, the Group held certain senior unsubordinated and unsecured notes issued by NWD (MTN) Limited, a wholly-owned subsidiary of NWD. As at 30 June 2025, the fair value of these notes included as financial assets at FVPL is HK\$1,049.6 million (2024: HK\$1,038.6 million).
- (d) The amounts of outstanding balances with associated companies, joint ventures and non-controlling interests are disclosed in notes 21, 22, 27 and 38. 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 2025 is disclosed in note 22(d).

45 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the current year.

46 ULTIMATE HOLDING COMPANY

With effect from the close of business on 17 November 2023, CTFC has become the ultimate holding company of the Company. NWD was the ultimate holding company of the Company before the close of business on 17 November 2023.



47 COMPANY STATEMENT OF FINANCIAL POSITION

	2025 HK\$m	2024 HK\$m
ASSETS		
Non-current assets		
Property, plant and equipment	22.0	28.9
Subsidiaries	15,830.2	18,666.0
Other non-current asset	3.3	3.3
	15,855.5	18,698.2
Current assets		
Trade and other receivables	35,845.9	38,634.7
Cash and bank balances	6,836.0	3,366.7
	42,681.9	42,001.4
Total assets	58,537.4	60,699.6
EQUITY		
Share capital	4,009.8	3,997.5
Reserves	32,170.5	35,010.3
Total equity	36,180.3	39,007.8
LIABILITIES		
Non-current liabilities		
Borrowings and other interest-bearing liabilities	3,677.8	3,856.2
	3,677.8	3,856.2
Current liabilities		
Borrowings and other interest-bearing liabilities	2,350.7	–
Trade and other payables	16,328.6	17,835.6
	18,679.3	17,835.6
Total liabilities	22,357.1	21,691.8
Total equity and liabilities	58,537.4	60,699.6

Dr Cheng Kar Shun, Henry
Director

Mr Ho Gilbert Chi Hang
Director



47 COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

Reserves

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

HK\$m	Share premium	Contributed surplus	Special reserves	Revenue reserve	Total
As at 1 July 2023	17,817.0	237.3	52.9	24,572.5	42,679.7
Profit for the year	–	–	–	1,188.2	1,188.2
Issue of new shares as scrip dividends	476.8	–	–	–	476.8
Share options					
Value of services provided					
Company and subsidiaries	–	–	44.4	–	44.4
New shares issued	9.8	–	–	–	9.8
Transfer	–	–	(96.2)	96.2	–
Dividends	–	–	–	(9,388.6)	(9,388.6)
As at 30 June 2024	18,303.6	237.3	1.1	16,468.3	35,010.3

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.



48 PRINCIPAL SUBSIDIARIES

The directors of the Company were of the view that as at 30 June 2025, there was no individual subsidiary that had non-controlling interests that were material to the Group.

As at 30 June 2025

	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				
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 (Formerly known as “Goodman Chengdu Developments No.3 Limited”)	100	100	100.0	Investment holding
CTF Logistics (Hannan) Limited (Formerly known as “Goodman Hong Kong (Hubei) Developments No.1 Limited”)	99 ⁱ 1 ⁱⁱ	99 1	100.0	Investment holding
CTF Logistics (Longquan) Limited (Formerly known as “Goodman Chengdu Longquan Logistics Development Limited”)	100	100	100.0	Investment holding
CTF Logistics (Xindu) Limited (Formerly known as “Goodman Chengdu Developments No.4 Limited”)	99 ⁱ 1 ⁱⁱ	99 1	100.0	Investment holding
CTF Logistics (Xindu North) Limited (Formerly known as “Qin Hen Goodman Hong Kong (Chengdu) Developments No.1 Limited”)	99 ⁱ 1 ⁱⁱ	99 1	100.0	Investment holding
CTF Logistics (Xinjin) Limited (Formerly known as “Goodman Chengdu Developments No.2 Limited”)	99 ⁱ 1 ⁱⁱ	99 1	100.0	Investment holding
CTF Logistics China (Western) Limited (Formerly known as “Goodman 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 10,000*	40,000,000 10,000,000	100.0 100.0	Construction
Hip Hing Construction Company Limited	400,000 600,000*	40,000,000 60,000,000	100.0 100.0	Construction and civil engineering
Hip Hing Engineering Company Limited	2,000,000	200,000,000	100.0	Building construction



48 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2025

	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 (continued)				
Hong Kong Convention and Exhibition Centre (Management) Limited	3 1*	3 1	100.0 100.0	Management of HKCEC
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*	2 2	100.0 100.0	Property agency, management and consultancy
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	999,900 100*	99,990,000 10,000	100.0 50.0	Investment holding
New World Port Investments Limited	2	2	100.0	Investment holding
NWS (Finance) Limited	2	2	100.0	Financial services
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	2 100,000*	20 1,000,000	100.0 100.0	Property investment, operation, marketing, promotion and management of HKCEC
Profit Now Limited	1	1	100.0	Investment holding
True Hope Investment Limited	299,999,998 2*	299,999,998 2	100.0 100.0	Investment holding
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 20,000*	163,000,000 2,000,000	100.0 100.0	Civil engineering
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



48 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2025

	Issued share capital [#]		Approximate percentage of shares held	Principal activities
	Number	Par value per share	by the Group	
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 (Formerly known as “NWS Service 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 Logistics Holdings Limited (Formerly known as “Utmost Best 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



48 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2025

	Issued 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
	5,550**	US\$0.1	–	
	4,079***	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 Mainland				
[^] 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
[^] Hunan CTFS Expressway Co., Ltd. (Formerly known as “Hunan NWS Expressway Management Co., Ltd.”)	RMB1,600,000,000	100.0		Operation of toll road
[^] Hunan NWS Sui-Yue Expressway Co., Ltd.	RMB600,950,000	100.0		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
[^] NWS (Guangdong) Investment Company Limited	RMB5,319,853,600	100.0		Investment holding
[^] Suzhou Greenland Platinum Election 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
[^] Xiamen Creo Capital Investment Company Limited	RMB360,000,000	100.0		Investment holding
[^] Zhejiang NWS Expressway Co., Ltd. (b)	US\$320,590,000	100.0		Operation of toll road
[^] Hangzhou CTFS Commercial Management Limited (Formerly known as “Zhiyi (Hangzhou) Service Area Management Limited”)	RMB8,100,000	100.0		Provision of commercial complex, catering, hotel and property management



48 PRINCIPAL SUBSIDIARIES (CONTINUED)

As at 30 June 2025

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
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

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

^ 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

(a) The approximate percentage of shares held by non-controlling interests is 0.2%.

(b) On 25 August 2025, Zhejiang NWS Expressway Co., Ltd was renamed to Zhejiang CTFS Expressway Co., Ltd.



49 PRINCIPAL ASSOCIATED COMPANIES

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2025 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	Healthcare
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
Yargoan Company Limited	150,000	15,000,000	42.0	Operating a quarry mill and trading in aggregates and stonefines
Shoucheng Holdings Limited	7,284,455,440	12,994,847,000	11.5 (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



49 PRINCIPAL ASSOCIATED COMPANIES (CONTINUED)

The list of principal associated companies which are accounted for by the equity method of accounting as at 30 June 2025 is as follows: (continued)

	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	297,245,854	US\$0.001	13.0 (a)	Chrome and platinum group metals mining, processing and trading

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the 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 Suiyuanan Expressway Co., Ltd.	RMB1,770,000,000	30.0	Operation of toll road
WorldEx Supply Chain Technology (Shanghai) Co., Limited	RMB81,452,529	13.4 (a)	Operation of comprehensive logistics business
Zhaoqing Yuezha Expressway Co., Ltd.	RMB1,968,900,000	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%.



50 PRINCIPAL JOINT VENTURES

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2025 is as follows:

	Amount of fully paid up capital	Approximate percentage of attributable interest to the Group	Principal activities
Incorporated and operate in the Mainland			
Beijing-Zhuhai Expressway Guangzhou-Zhuhai Section Company Limited	RMB2,382,500,000	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



50 PRINCIPAL JOINT VENTURES (CONTINUED)

The list of principal joint ventures which are accounted for by the equity method of accounting as at 30 June 2025 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 2024.

Five-Year Financial Summary



	2025	2024	2023 (restated)*	2022	2021
Earnings per share — Basic (HK\$)	0.54	0.56	0.40	0.41	0.29
Earnings per share — Diluted (HK\$)	0.54	0.56	0.40	N/A	N/A
Key ratios					
Net Gearing Ratio	37%	35%	8%	19%	25%
Return on Equity	6%	6%	4%	4%	3%
Consolidated income statement data (HK\$'m)					
Revenue	24,285.3	26,421.6	27,121.4	31,138.6	28,852.4
Revenue by segments					
Roads	2,778.7	2,807.0	2,731.8	2,717.5	3,033.2
Financial Services	4,080.6	3,453.1	2,895.8	12,373.6	9,640.6
Logistics	142.1	160.9	139.5	11.8	—
Construction	15,359.0	17,265.2	19,638.5	15,240.9	15,114.1
Facilities Management	1,924.9	2,735.4	1,715.0	794.8	409.4
Strategic Investments	—	—	0.8	—	—
Transport **	—	—	—	—	655.1
Revenue by region					
Hong Kong	21,345.1	23,436.4	24,219.4	28,360.1	25,765.6
The Mainland	2,940.2	2,985.2	2,902.0	2,778.5	3,086.8
Profit attributable to shareholders of the Company	2,162.0	2,084.2	1,446.9	1,586.8	1,113.5
Attributable Operating Profit	4,466.2	4,167.4	3,443.9	4,370.9	5,249.4
Attributable Operating Profit/(Loss) by segments					
Roads	1,439.4	1,571.4	1,532.8	1,709.9	1,807.5
Financial Services	1,242.1	964.9	624.7	1,074.9	971.7
Logistics	740.4	722.3	678.5	592.6	663.0
Construction	719.3	705.0	745.5	912.2	972.0
Facilities Management	88.5	228.3	(61.9)	(409.5)	(649.3)
Strategic Investments	236.5	(24.5)	(75.7)	(141.7)	739.4
Aviation **	—	—	—	511.5	496.0
Environment **	—	—	—	121.0	244.3
Transport **	—	—	—	—	4.8

* 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 years ended 30 June 2022 and 2021 are prepared on HKFRS 4 "Insurance Contracts" basis.

** Being disposed/discontinued operations



Five-Year Financial Summary

	2025	2024	2023 (restated)*	2022	2021
Consolidated income statement data					
(continued)					
(HK\$'m)					
Attributable Operating Profit by region					
Hong Kong	2,585.7	2,450.8	1,782.1	1,825.0	2,038.7
The Mainland	1,794.4	1,627.9	1,660.1	1,778.2	2,389.2
Others	86.1	88.7	1.7	767.7	821.5
Non-operating items					
Net (loss)/gain on fair value of investment properties, net of tax	(447.9)	(342.6)	78.7	–	(13.2)
Remeasurement, impairments and provisions, net	(645.5)	(51.5)	(490.8)	(1,816.9)	(2,608.1)
Net (loss)/gain on disposal of projects, net of tax	(152.8)	12.3	(64.6)	243.9	9.3
Share of non-operating income/(expenses) of a joint venture, net	575.7	(52.8)	–	–	–
Net gain on redemption of senior notes	–	–	88.6	97.5	–
Share-based payment	(24.3)	(44.4)	(51.8)	–	–
Unallocated corporate office items					
Net finance costs	(1,010.1)	(744.1)	(538.7)	(375.0)	(445.9)
Expenses and others	(397.0)	(402.2)	(406.4)	(350.5)	(494.9)
Consolidated statement of					
financial position data					
(HK\$'m)					
Total assets	172,895.6	155,083.7	154,505.1	148,770.8	152,572.9
Total liabilities, perpetual capital securities and non-controlling interests	135,378.8	116,187.5	109,167.0	105,462.3	104,659.5
Total borrowings	34,861.8	29,895.4	23,796.9	23,590.9	25,348.0
Shareholders' funds	37,516.8	38,896.2	45,338.1	43,308.5	47,913.4

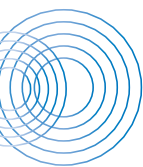
Project Key Facts and Figures

(As at 30 June 2025)



ROADS

		Attributable Interest	Length	Lanes	Expiry Date	Average Daily Traffic Flow
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	2025 /192,856 2024 /178,632 2023 /155,512
2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	15%	27 km	Dual 3-Lane	2032	2025 /110,361 2024 /111,623 2023 /101,841
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	2025 /106,575 2024 /106,937 2023 /97,082
4	Shenzhen-Huizhou Expressway (Huizhou Section)	38.5%	34.7 km	Dual 3 to 4-Lane	2036	2025 /112,465 2024 /114,050 2023 /110,995
5	Guangzhou Dongxin Expressway	45.9%	46.22 km	Dual 3 to 4-Lane	2035	2025 /213,976 2024 /211,631 2023 /194,044
6	Guangzhou City Nansha Port Expressway	22.5%	72.4 km	Dual 3 to 4-Lane	2030	2025 /216,199 2024 /212,550 2023 /170,313
7	Guangdong E-serve United Co., Ltd.	1.02%	N/A	N/A	N/A	N/A
Guangxi Zhuang Autonomous Region						
8	Guangxi Guiwu Expressway	40%	198 km	Dual 2-Lane	2045	2025 /38,376 2024 /39,098 2023 /40,595*
Zhejiang Province						
9	Hangzhou Ring Road	100%	103.4 km	Dual 2 to 3-Lane	2029	2025 /337,278 2024 /327,349 2023 /322,247
Tianjin Municipality						
10	Tangjin Expressway (Tianjin North Section)	60% ⁺	Section 1: 43.45 km Section 2: 17.22 km	Dual 3-Lane	2040	2025 /76,327 2024 /78,448 2023 /74,607



Project Key Facts and Figures

(As at 30 June 2025)

Hubei Province						
11	Hubei Suiyuanan Expressway	30%	98.06 km	Dual 2-Lane	2040	2025 /31,732 2024 /31,933 2023 /30,715
12	Hubei Laogu Expressway	1% [#]	39.31 km	Dual 2-Lane	2050	2025 /7,232 2024 /7,917 2023 /8,047
Hunan Province						
13	Hunan Sui-Yue Expressway	100%	24.08 km	Dual 3-Lane	2039	2025 /37,668 2024 /37,951 2023 /38,417
14	Hunan Changliu Expressway	100%	65 km	Dual 2-Lane	2044	2025 /38,753 2024 /38,857 2023 /40,925

Remarks:

⁺ Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

^{*} The figure represents the average daily traffic flow for the period from November 2022 to June 2023 as the acquisition of 40% interest was completed in November 2022

[#] In addition, the Group holds convertible shareholder loan equivalent to 24% interest



FINANCIAL SERVICES

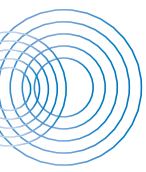
Chow Tai Fook Life Insurance Company Limited

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, Saving Insurance Plan, Investment-linked Assurance Scheme, Annuity (including QDAP), Group Medical Insurance, Group Life Insurance, MPF and General Insurance
No. of Agents	Approximately 2,100
HKRBC Solvency Ratio	279% (as at 30 June 2025) Minimum regulatory requirement: 100%

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.
Total Value of Contracts Awarded this Year	HK\$23.9 billion
Value of Contracts on Hand	HK\$58.5 billion (remaining value of works to be completed: HK\$38.5 billion)



Project Key Facts and Figures

(As at 30 June 2025)

LOGISTICS

	Attributable Interest	Gross Leasable Area (sq m)	Location	Operation Date	Expiry Date	Occupancy Rate
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	2025 /80.7% 2024 /96.3% 2023 /99.8%
Chengdu Dasheng Logistics Co. Ltd.	100%	53,042	Chengdu	June 2019	2063	2025 /87.3% 2024 /96.9% 2023 /96.8%
Jialong (Chengdu) Warehouse Co. Ltd.	100%	77,783	Chengdu	Phase 1: September 2014 Phase 2: April 2018	2062	2025 /85.9% 2024 /97.8% 2023 /99.4%
Jiaxin (Chengdu) Warehouse Co. Ltd.	100%	27,599	Chengdu	February 2018	2064	2025 /92.2% 2024 /95.6% 2023 /88.4%
		39,711 (subject to final design)		TBC	2065	N/A
Chengdu Jiachao Warehouse Co. Ltd.	100%	71,413	Chengdu	Phase 1: September 2015 Phase 2: December 2015 Phase 3: November 2016	2064	2025 /96.0% 2024 /92.1% 2023 /91.5%
Jiayao (Chengdu) Warehouse Co. Ltd.	100%	92,602	Chengdu	August 2022	2069	2025 /98.7% 2024 /73.0% 2023 /51.2%
Wuhan Jiamai Warehouse Co. Ltd.	100%	169,091	Wuhan	Phase 1: December 2015 Phase 2: May 2016 Phase 3: June 2021	2064	2025 /98.6% 2024 /78.5% 2023 /83.4%
Suzhou Greenland Platinum Election e-commerce Co. Ltd.	90%	75,164	Suzhou	June 2021	2068	2025 /40.7% 2024 /100% 2023 /100%

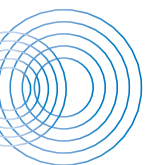
	Attributable Interest	Investment Scope	Location and Operation Date	Expiry Date	Throughput Achieved (TEUs)
China United International Rail Containers Co., Limited	30%	Pivotal rail container terminal network	Kunming: January 2008 Chongqing: December 2009 Chengdu: March 2010 Zhengzhou: April 2010 Dalian: 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	2025 /7,000,000 2024 /6,373,000 2023 /5,541,000



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
No. of Events Held this Year	786	62
Total Attendance this Year	Over 7.8 million	Approximately 0.51 million

	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, including 24-hour Outpatient and Emergency, Cardiac Catheterization & Intervention Centre, Critical Care Centre, Digital Subtraction Angiography Suite, Endoscopy and Day Surgery Centre, Health Screening Clinic, Operating Theatre, Radiology Services, Radiotherapy and Oncology Centre, Specialist Outpatient Clinics, and other diagnostic and ancillary services, etc. General and specialist services are also provided through its Gleneagles Medical Clinic Central Hong Kong and Gleneagles Pro-HEART Cardiac Centre.	



Project Key Facts and Figures

(As at 30 June 2025)

Kai Tak Sports Park Limited

Attributable Interest	25%
Acreage	28 Hectares
Services Offered	Managing Kai Tak Sports Park including three stadiums: one 50,000-seat Main Stadium with a retractable roof; one 10,000-seat Indoor Arena with flexible seating configurations; one 5,000-seat Youth Sports Ground with an IAAF-standard multi-lane athletic track; also a 700,000-square-foot retail mall (Kai Tak Mall) and 8 hectares open space.

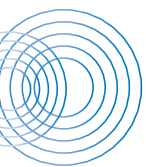
Glossary of Terms



In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

GENERAL TERMS

“ATL”	ATL Logistics Centre Hong Kong Limited
“Blackhorn”	Blackhorn Group Limited
“Board”	The board of directors of CTFS
“CTFC”	Chow Tai Fook Capital Limited
“CTF Enterprises”	Chow Tai Fook Enterprises Limited
“CTF Group”	CTFC and its subsidiaries
“CTFH”	Chow Tai Fook (Holding) Limited
“CTF Life”	Chow Tai Fook Life Insurance Company 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
“ERM”	Enterprise Risk Management
“ESG”	Environmental, Social and Governance
“EUR”	Euro, the official currency of the Eurozone
“FY2019”	the financial year ended 30 June 2019
“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 ending 30 June 2026



GENERAL TERMS (CONTINUED)

“GBAH”	The GBA Healthcare Group
“GHK”	Gleneagles Hospital Hong Kong
“Goshawk”	Goshawk Aviation Limited
“Greater Bay Area” or “GBA”	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
“Hyva Group”	Hyva III B.V. and its subsidiaries
“KTSP”	Kai Tak Sports Park Limited
“KTSP”	Kai Tak Sports Park



GENERAL TERMS (CONTINUED)

“LA&M” or “Logistics Asset & Management”	comprises ATL and seven logistics properties in Chengdu, Wuhan and Suzhou
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Mainland” or “Mainland China”	the PRC excluding Hong Kong, Macau and Taiwan
“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
“US\$”	United States dollar, the lawful currency of USA
“USA”	the United States of America
“uSMART”	uSmart Inlet Group Ltd
“Wai Kee”	Wai Kee Holdings Limited

TECHNICAL TERMS

“AI”	Artificial Intelligence
“km”	kilometre(s)
“kWh”	kilowatt-hour(s)
“LEED”	Leadership in Energy and Environmental Design
“LTIR”	Lost-time injury rate
“MiC”	Modular Integrated Construction
“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
“tonnes CO ₂ e”	tonnes of carbon dioxide equivalent



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 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 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”	$\frac{\text{Net Debt}}{\text{total equity}}$
“Return on Equity”	$\frac{\text{profit for the year}}{\text{total equity}}$
“Total Debt”	the aggregate of borrowings and other interest-bearing liabilities

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
“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

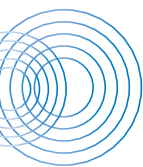
Mr Lee Yiu Kwong, Alan (*Chairman*)
Mr Cheng Chi Ming, Brian
Mr Ho Gilbert Chi Hang
Mr Shek Lai Him, Abraham
Professor Chan Ka Keung, Ceajer
Mrs Oei Wai Chi Grace Fung
(*appointed on 11 June 2025*)

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



Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM
11 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 China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd. Hong Kong Branch
Hang Seng Bank, Limited
Mizuho Bank, Ltd. Hong Kong Branch
MUFG Bank, Ltd. Hong Kong Branch
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Hong Kong Branch
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

www.ctfs.com.hk



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CTF Services Limited

(Incorporated in Bermuda with limited liability)

21/F, NCB Innovation Centre,
888 Lai Chi Kok Road,
Cheung Sha Wan,
Kowloon, Hong Kong
www.ctfs.com.hk

Tel	+852 2131 0600
Fax	+852 2131 0611
Email	news@ctfs.com.hk