



The Cross-Harbour (Holdings) Limited

(Stock Code : 32)



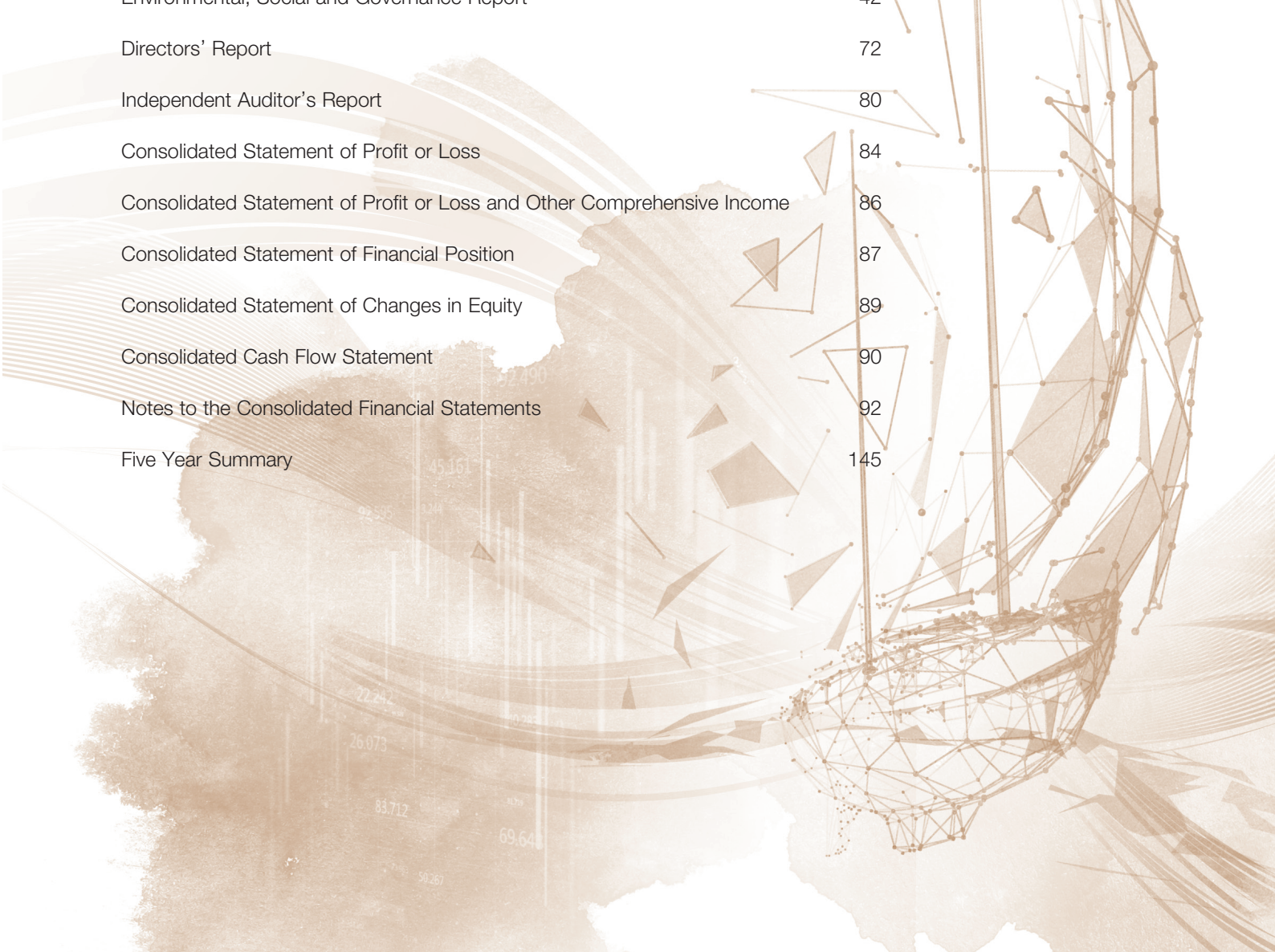
ANNUAL REPORT
2025





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Corporate Information

(As of 20 March 2026)

Board of Directors

Executive Director

Cheung Chung Kiu (*Chairman*)
Yeung Hin Chung, John, SBS, OBE, JP (*Managing Director*)
Yuen Wing Shing
Wong Chi Keung
Leung Wai Fai
Tung Wai Lan, Iris

Independent Non-executive Director

Ng Kwok Fu
Leung Yu Ming, Steven
Wong Lung Tak, Patrick, BBS, JP

Audit Committee

Leung Yu Ming, Steven (*Chairman*)
Ng Kwok Fu
Wong Lung Tak, Patrick

Remuneration Committee

Leung Yu Ming, Steven (*Chairman*)
Cheung Chung Kiu
Ng Kwok Fu

Nomination Committee

Cheung Chung Kiu (*Chairman*)
Tung Wai Lan, Iris
Ng Kwok Fu
Leung Yu Ming, Steven
Wong Lung Tak, Patrick

Authorised Representative

Yeung Hin Chung, John
Leung Wai Fai (*Alternate to Yeung Hin Chung, John*)
Yuen Wing Shing
Wong Chi Keung (*Alternate to Yuen Wing Shing*)

Company Secretary

Man Kit Ling

Legal Adviser

Woo, Kwan, Lee & Lo

Registered Office

33rd Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2161 1888
Fax: (852) 2802 2080
Website: www.ch.limited
Email: investors@ch.limited

External Auditor

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

Share Registrar & Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 32

Chairman's Statement

On behalf of the board of directors, I am presenting the annual results of the Group for the year ended 31 December 2025.

Performance

The Group reported a profit attributable to shareholders of HK\$723.5 million for the year ended 31 December 2025, representing an increase of 66.5% as compared with HK\$434.5 million in 2024. The increase was mainly due to the increase in profit contribution from treasury management business, which fully offset the decrease in profit contribution from motoring school operation. Earnings per share were HK\$1.94 (2024: HK\$1.17).

Final Dividend

The first, second and third quarterly interim dividends each of HK\$0.06 per share (2024: HK\$0.06 per share) were paid on 11 July 2025, 15 September 2025 and 24 December 2025 respectively. The directors recommend the payment of a final dividend of HK\$0.24 per share (2024: HK\$0.24 per share) which, together with the interim dividends, make total dividends for the year ended 31 December 2025 of HK\$0.42 per share (2024: HK\$0.42 per share), representing a total distribution of approximately HK\$156.5 million (2024: HK\$156.5 million) for the year.

Subject to shareholder approval of the proposed final dividend being obtained in the forthcoming annual general meeting on Thursday, 7 May 2026 (the "AGM"), it is expected that the dividend warrants will be despatched on Thursday, 21 May 2026 to shareholders registered at the close of business on Friday, 15 May 2026. The register of members and transfer books of the Company will be closed from Wednesday, 13 May 2026 to Friday, 15 May 2026, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to qualify for the final dividend, all transfer documents and accompanying share certificates must be lodged for registration with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m., Tuesday, 12 May 2026.

Business Review and Outlook

Hong Kong's economy continued its recovery in 2025, with real GDP recording year-on-year growth of 3.0%, 3.1%, 3.7% and 3.8% across the four quarters. This resulted in full-year growth of 3.5%, compared to 2.6% in 2024. External trade remained the key driver, with total exports of goods increasing by 15.4% and imports rising by 15.5% for the year. In contrast, the retail sector saw only a modest improvement. Total retail sales grew by 1% in 2025, reversing the decline recorded in the previous year, supported by a steady rebound in visitor arrivals and firmer consumer sentiment. December retail sales recorded 6.6% year-on-year growth, although structural changes persisted as consumers increasingly preferred experiential spending and cross border shopping in Mainland China. Financial market performance strengthened notably. The Hang Seng Index surged 27.8% during the year, closing at 25,630 points, driven by expectations of interest rate cuts, strong global capital inflows, renewed investor interest in technology, and optimism surrounding artificial intelligence-related developments. Hong Kong's IPO market experienced a significant revival, reclaiming its position as the world's leading fundraising venue with HK\$286 billion raised in 2025, representing more than 200% year on year growth.

Looking into 2026, external economic conditions are expected to remain challenging. Renewed US tariff measures and broader US policy volatility may increase uncertainty for global trade flows and pose risks to Hong Kong economy. The uncertain timeline of US interest-rate adjustments also continues to influence global liquidity and financial-market stability. Despite these headwinds, Mainland China's ongoing commitment to developing new quality productive forces and promoting high-level openness is expected to support regional economic prospects and reinforce Hong Kong's role as a leading financial and trading centre. Hong Kong remains well-positioned to benefit from enhanced cross-boundary financial connectivity and deeper economic integration.

Chairman's Statement

Motoring School Operation

Alpha Hero Group ("AHG") (70% owned) operates driving training schools in Hong Kong. The training vehicles include private cars, light and medium goods vehicles, motorcycles, and commercial vehicles. Its major revenue of driving training course fee slightly decreased by 2.8%, primarily due to reduction in number of both non-motorcycle and motorcycle driving lessons delivered during the year 2025 by 4.8% and 22.7% respectively, as compared to last year. The drop in driving lessons delivered was the result of the shrinking driving training market and sluggish consumer sentiment amid economic recession concerns. In addition, the significant drop in motorcycle driving lessons was because of the demand having largely peaked in recent years.

New enrollments for driving training courses continued to decline throughout 2025, and the Group expects that the overall driving training market will remain under pressure and may further contract in 2026. Our designated driving schools will strive to enhance customer services levels and quality of driving training. AHG will also maintain a proactive marketing strategy and deploy continuous efforts in segmentation and penetration to maintain our leading market position.

The availability of sizeable training sites remains a pivotal factor for the operation of designated driving schools in addition to the supply of qualified driving instructors. Due to the extensive land requirement for off-street driving training, the operations of the driving centres at Ap Lei Chau, Siu Lek Yuen and Kwun Tong are dependent on the availability of government land. The tenancy for operating the Siu Lek Yuen Driving School, the Kwun Tong Driving School, and the Ap Lei Chau Driving School will last until February 2028, July 2028, and May 2026 respectively. During the year, the Government had accepted the Group's new tenancy tender of Ap Lei Chau site with fixed term to November 2029. Further, the designations for the driving training centres at Yuen Long was also extended till September 2028.

Electronic Toll Operation

Autotoll (BVI) Limited ("Autotoll"), a jointly controlled entity, 50% owned by The Autopass Company Limited (a 70% owned subsidiary), provides toll collection services for free-flow tolling system (namely "HKEToll") in Hong Kong. Autotoll also provides intelligent transportation and logistics management solutions and smart city service solutions in Hong Kong.

HKEToll had been gradually implemented across all government-tolled tunnels and roads since 2023, replacing both the Electronic Toll Collection ("ETC") system previously operated by Autotoll and the manual toll booths. Tai Lam Tunnel was the last facility to operate under the ETC system. On 31 May 2025, the Hong Kong Government took over the Tai Lam Tunnel and switched the toll collection facilities from ETC to HKEToll. With this transition, the ETC system has completed its historical task since 1998. As a result, profit contribution from HKEToll increased during the year, which outweighed the decrease in profit contribution from ETC. Additionally, profit contribution from smart city projects also declined during the year. Looking ahead, total income and profit contribution from HKEToll are expected to grow further next year, supported by the commencement of tolling for the Central Kowloon Bypass which would charge toll using HKEToll, and full-year effect of Tai Lam Tunnel under the HKEToll system in 2026. Autotoll exited the Stored Value Facility business and terminated the ETC services on 16 March 2026, therefore, no administration fee from ETC will be received thereafter.

Autotoll is a leading provider of smart mobility solutions, and we will continue our efforts to engage in further smart city developments in Hong Kong. Our expertise in engineering, information and communication technologies, IoT, and electronic payment systems positions us well to offer smart solutions, such as communication and surveillance systems for enforcement departments, as well as support government initiatives like developing the Low Altitude Economy.

Treasury Management Business

The Group maintains a diversified investment portfolio with the objective of enhancing the value of the Group's treasury management business and delivering sustainable, long-term and steady returns to shareholders in the form of quarterly dividend. An investment diversification strategy enhances portfolio resilience and protects capital by allocating funds across different asset classes, industries, and geographies. This prudent strategy is intended to spread risk and minimize the impact of volatility within individual markets and sectors.

By maintaining an appropriate mix of unlisted funds which provide medium to long term growth, and liquid listed equity securities that provide capital appreciation and stable recurring income, the Group enhances its income base to mitigate reliance on any single income source, and also achieve consistent risk adjusted portfolio performance. Over the past years, unlisted funds have accounted for between 50% and 80% of the Group's portfolio. The Group measures its portfolio against a range of quantitative benchmarks. For listed equity securities, performance is evaluated with reference to recognised market indices, including the Hang Seng Index for Hong Kong listed equities, the Dow Jones Industrial Average and Nasdaq Composite Index for U.S. listed equities, and the Nikkei 225 for Japan listed equities. For unlisted fund investments, performance is assessed using established private market benchmarks such as internal rate of return ("IRR"), total value to paid-in ("TVPI") and distributed to paid-in ("DPI"). In the future, the Group will continue to diversify its investment portfolio, including but not limited to unlisted funds, equity securities, and debt securities, while managing its overall risk tolerance level under a long-term exposure that the total investment portfolio exposure would not be over 75% of total assets.

The Group manages concentration and liquidity risk through defined portfolio allocation limits. Exposure to aggressive (high-risk) investments, such as non-investment-grade bonds, derivatives, and digital-related assets is capped at 30% of the total carrying amount of the portfolio, with at least 70% allocated to conservative or moderate (low- to medium-risk) investments, such as generalist funds, diversified technology funds and equity securities in the industry of telecommunication. No single investment may exceed 20% of the total carrying amount of the portfolio, and exposure to any single industry or sector is limited to 30% of the total carrying amount of the portfolio. To ensure adequate liquidity, the Group maintains a minimum of 10% of its net assets in cash or other readily realisable liquid investments, such as listed equity securities. In addition, to mitigate custodial concentration risk, the Group ensures that less than 50% of its equity securities investments are held with any single bank or broker. These measures support the ongoing monitoring of equity price, credit and liquidity risks and reinforce the Group's objective of maintaining a well-diversified investment portfolio. Any investment allocation exceeding the abovementioned limit, or any change to the Company's investment policy, shall be subject to proper approval prior to execution. Such allocation or policy change will be adjusted and reviewed from time to time as deemed appropriate.

When making investment or divestment decisions regarding individual financial instruments, the Group evaluates not only historical financial performance, including financial health and dividend policy, but also business prospects in terms of capital appreciation, dividend or interest income, and trading gains. Additionally, the Group takes into account prevailing market sentiments across various sectors and macroeconomic outlook. The Group keeps a flexible approach for investments and considers funds of different sizes and market cap, which allows the Group to invest in different types of unlisted funds, including private equity, venture capital and hedge funds. Potential investments are sourced through internal market research, fund managers, industry networks, and financial institutions. The Group normally required the fund managers to have over 10 years of experience with a verifiable track record of successful investment decisions.

Chairman's Statement

In 2025, major global financial markets delivered positive returns despite ongoing policy uncertainty, concerns over tariff development, and periods of macroeconomic volatility. The stock markets of United States performed strongly, with both the Dow Jones Industrial Average (rose about 13%) and the Nasdaq Composite (rose about 20%) recording double-digit growth. The growth was supported by corporate earnings, continued momentum in AI-related investment, and improved liquidity following the interest rate cuts later in the year. Japan's Nikkei 225 increased by nearly 30%, driven primarily by strong results in semiconductor-related industries and a weaker yen that enhanced export competitiveness. In Mainland China, the SSE Composite Index also recorded a double-digit growth, with an increment of 18.4%, reflecting investor expectations of supportive monetary policy and targeted stimulus measures across key sectors. Hong Kong's Hang Seng Index achieved a 27.8% annual gain, which is the strongest performance since 2017. It was supported by substantial Southbound Stock Connect inflows and a gradual recovery in valuations in major technology companies. Under these market conditions, the Group's unlisted fund investments and listed equity securities both recorded net fair value gains in 2025, representing the third consecutive years of positive results since 2023. In addition, dividend income generated from listed equity securities increased during the year. Conversely, interest income from the bank deposits declined.

Throughout the year, the Group continued its efforts to diversify its investment portfolio by making capital contributions to 33 unlisted funds in different industries and regions. In April 2025, the Group subscribed 2 unlisted funds with capital commitment of USD100 million to further diversify the investment portfolio of the Group and enhance its long-term growth strategy. During the year, the Group disposed of its interests in 5 unlisted funds and some listed equity securities to realize the accumulated fair value gain and strengthen the financial resources available for potential future investment opportunities. A portion of the proceeds from the disposal was reinvested in treasury bills and equity securities listed in US and Japan, aiming to enhance the diversification of the investment portfolio of the Group. As at 31 December 2025, the Group's investment portfolio comprised 91 (2024: 93) investments, including 46 (2024: 50) unlisted funds and 44 (2024: 42) equity securities. The portfolio value increased slightly to HK\$5,240.7 million (2024: HK\$5,018.8 million), mainly due to higher net fair value gains of HK\$467.5 million (2024: HK\$245.8 million) and investment purchases of HK\$772.6 million (2024: HK\$638.1 million), partially offset by investment disposals (including distribution from unlisted funds) of HK\$1,023.5 million (2024: HK\$793.0 million).

Further details of significant investments, unlisted funds, listed equities securities, corresponding investment return rates, and detailed performance of the portfolio are provided in the section headed "Management Discussion and Analysis" on pages 8 to 17.

Looking Forward

The outlook for 2026 remains challenging amid heightened uncertainties, including geoeconomic fragmentation, persistent geopolitical tensions, and potential volatility in technology sectors such as artificial intelligence. Despite these conditions, the Group will maintain a prudent and disciplined growth strategy, closely monitoring economic developments and financial market trends to assess potential risks and their implications for the Group's business.

Acknowledgement

I would like to take this opportunity to extend my sincere appreciation to all the staff for their concerted efforts and continued dedication. Last but not least, I would like to express my gratitude to our shareholders for their support to the Group in the past years.

Cheung Chung Kiu

Chairman

Hong Kong, 20 March 2026

The Group presents the key performance indicators, environmental policies, compliance with laws and regulations, and key relationship with stakeholders, for motoring school operation and electronic toll operation in this section. The Group operates motoring school operation through a 70% own subsidiary and the electronic toll operation is operated by a 50% owned jointly controlled entity.

Motoring School Operation

Operating income decreased by 6.3% this year compared to last year. This change was mainly due to the driving training courses' income generated from non-motorcycles and motorcycles decreasing by 4.6% and 21.0% respectively. The decrease in non-motorcycle driving training courses' income was primarily due to a 4.8% decrease in number of completed driving lessons and the decrease in motorcycle driving training courses' income was also primarily due to the decrease in number of completed driving lessons by 22.7%.

For the provision of driving training course to learners, Alpha Hero Group ("AHG") hired a team of driving instructors and owned a fleet of training vehicles, including private cars, light and medium goods vehicles, motorcycles, buses and articulated vehicles. The training vehicles undergo regular vehicle inspections and maintenance to ensure performance and compliance with safety standards. In addition to various new learners' courses and driving improvement programs for individual learners, AHG also provides corporations with tailor-made driving courses for fleet drivers.

Environmental Policies and Performance

As support to environmental protection and energy conservation, a wide variety of evergreen trees and plants were planted throughout the compound of road safety centres. Hybrid-powered vehicles are selected for private car training as a measure to reduce both air pollution and fuel consumption.

Compliance with the Relevant Laws, Regulation and Standard

AHG has established policies, procedures and guidelines to ensure that all business activities strictly comply with the Road Traffic Ordinance, Motor Vehicles Insurance (Third Party Risks) Ordinance, Telecommunications (Low Power Devices) Order, Discrimination Legislation, Trade Descriptions Ordinance and the Code of Practice for Designated Driving School issued by the Commissioner for Transport, as well as the Personal Data (Privacy) Ordinance with a view to protecting the privacy of its customers.

Since 1998, AHG has obtained ISO 9001 accreditation for the design and provision of driving courses (except for disabled persons) for the driving tests conducted by the Transport Department for private car, light goods vehicle, medium goods vehicle, articulated vehicle, bus and motorcycle.

Key Relationship with Employees, Customers and Suppliers

Employees: AHG has well-established channels for staff communication which mainly comprise the Joint Consultation Committee for each road safety centre, enquiry hotlines, morning briefings, etc. In addition, instant messaging apps and email are used where appropriate. Staff turnover for the year was 7.6% (2024: 11.7%). The turnover comprises mainly resignation of front-line and general staff. In order to maintain staff retention, work performance and competitiveness, various structured training programs were organized to enhance staff development.

Customers: A corporate homepage and Facebook page were set up to strengthen communication with the public and potential learner drivers. In addition, there are channels established for customer feedback such as customer hotlines and questionnaires.

Suppliers: For years, AHG maintains good relationship with its key suppliers, e.g. car dealers and fuel suppliers, to secure timely services provided at discounted prices.

Operation Review

Electronic Toll Operation

Appointed by the Transport Department, Autotoll builds and operates the HKeToll system, which was successfully launched on 7 May 2023, making it the primary tolling system for all vehicles in Hong Kong. HKeToll is a technology-based solution that enhances driving experience by eliminating the need for manual toll payments at toll booths. After the Government took over the management of the Tai Lam Tunnel on 31 May 2025, HKeToll has been implemented at all Government tolled tunnels.

Since the implementation of HKeToll at all Government tolled tunnels and the Tsing Sha Control Area in Hong Kong in May 2025, Electronic Toll Collection (“ETC”) system has ceased to operate at these tunnels and control area. Therefore, Autotoll will exit the SVF business and terminate the Autotoll ETC and VGoPAY services on 16 March 2026. Under the ETC system, the total number of auto-toll tags in circulation with administration fee income was 7,072 as at 31 December 2025 (2024: 68,912), representing a decrease of 89.7% from the year before.

Environmental Policies and Performance

HKeToll and ETC not only helps in air pollutant reduction but also fuel saving. Moreover, HKeToll subscribers are also encouraged to choose electronic billing and manage their account through applications which is both environmentally friendly and cost saving.

Compliance with the Relevant Laws, Regulation and Standard

In respect of the security of its sizable customer database, Autotoll has fully complied with the requirements under the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data. Since November 2016, Autotoll has been operating its ETC services under the Store Value Facility License (SVF License Number: SVF0012) granted by the Hong Kong Monetary Authority.

To maintain a high-quality standard of services, Autotoll will continue to pursue the ISO/IEC 27001 accreditation for its information security management system. In addition, Autotoll has obtained ISO 45001 accreditation for its occupational health and safety management system.

Key Relationship with Employees, Customers and Suppliers

Employees: Staff meetings were organized throughout the year to foster a collaborative working environment. Staff turnover for the year was 27% (2024: 32%). The turnover is mainly due to a slightly active job market in 2025 and varied reasons such as family issues, health and further studies.

Customers: Autotoll values its relationship with customers. It has continuous collaborations among Groups and engagement to maintain the strong tie with its customers.

Suppliers: Autotoll maintains a good relationship with its supplier of ETC tags and central clearing system since the commencement of business.

Hong Kong, 20 March 2026

Management Discussion and Analysis

Commentary on Annual Results

(I) Review of 2025 Results

The Group recorded a profit attributable to shareholders of HK\$723.5 million for the year ended 31 December 2025, representing a 66.5% increase from HK\$434.5 million in 2024. This improvement was mainly driven by higher profit contribution from treasury management business that mainly resulting from an increase in net fair value gain on financial assets measured at fair value through profit or loss (“FVPL”). However, the profit contribution from motoring school operation declined during 2025.

For the year ended 31 December 2025, the Group’s total revenue declined by 4.8% to HK\$929.6 million (2024: HK\$976.6 million), mainly due to lower revenue from the motoring school operation which generated HK\$781.5 million (2024: HK\$818.5 million) and the treasury management business which generated HK\$134.5 million (2024: HK\$143.8 million).

Performance of the treasury management business in the year

The treasury management business generated a profit before tax of HK\$637.2 million (2024: HK\$349.0 million) for the year 2025, which was comprised of several key components, including a net fair value gain on financial assets measured at fair value through profit or loss (“FVPL”) of HK\$467.5 million (2024: HK\$245.8 million), dividend income from listed equity securities of HK\$49.3 million (2024: HK\$45.1 million), interest income from interest-bearing instruments of HK\$3.8 million (2024: HK\$7.2 million), interest income from bank of HK\$81.4 million (2024: HK\$91.5 million), and reversal of impairment loss on financial assets of HK\$60.0 million (2024: Nil). Overall, the treasury management business delivered a stronger performance in 2025 compared with the previous year.

The net fair value gain on financial assets measured at FVPL of HK\$467.5 million (2024: HK\$245.8 million) was mainly attributable to a net fair value gain on listed equity securities of HK\$350.4 million (2024: HK\$208.7 million) and a fair value gain on unlisted funds of HK\$119.9 million (2024: HK\$122.1 million), against a fair value loss on an unlisted equity security of HK\$3.2 million (2024: HK\$85.0 million).

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(I) Review of 2025 Results *(continued)*

Performance of the listed equity securities in the year

The net fair value gain on listed equity securities measured at FVPL of HK\$350.4 million, comprising (i) a net fair value gain of HK\$338.3 million (2024: HK\$142.5 million) from 16 (2024: 17) listed securities in Hong Kong, and (ii) a net fair value gain of HK\$12.1 million (2024: HK\$66.2 million) from 27 (2024: 22) listed securities outside Hong Kong. The total fair value changes of 10 listed equity securities set out below amounted to a net gain of HK\$337.1 million, representing 96.2% of the net fair value gain of all 43 listed equity securities. The remaining net fair value gain of HK\$13.3 million was from 33 other listed equity securities.

The fair value changes of 10 listed equity securities mentioned above include: (1) a fair value gain of Oshidori International Holdings Limited (Stock Code: 622) of HK\$151.6 million (2024: fair value loss of HK\$9.1 million), (2) a fair value gain of Alibaba Group Holding Limited (Stock Code: 9988) of HK\$79.0 million (2024: HK\$8.4 million), (3) a fair value gain of Tencent Holdings Limited (Stock Code: 700) of HK\$49.1 million (2024: HK\$33.3 million), (4) a fair value gain of China Telecom Corporation Limited (Stock Code: 728) of HK\$27.3 million (2024: HK\$59.3 million), (5) a fair value gain of Imagi International Holdings Limited (Stock Code: 585) of HK\$9.9 million (2024: fair value loss of HK\$23.3 million), (6) a fair value gain of China Unicom (Hong Kong) Limited (Stock Code: 762) of HK\$9.8 million (2024: HK\$62.3 million), (7) a fair value gain of Glencore plc (Stock Code: GLEN) of HK\$7.1 million (2024: fair value loss of HK\$11.0 million), (8) a fair value gain of Petershill Partners Plc (Stock Code: PHLL) of HK\$6.3 million (2024: HK\$5.7 million), (9) a fair value gain of China Mobile Limited (Stock Code: 941) of HK\$6.1 million (2024: HK\$14.2 million), and (10) a fair value loss of Apollo Global Management, Inc. (Stock Code: APO) of HK\$9.1 million (2024: fair value gain of HK\$44.3 million).

The dividend income of HK\$49.3 million, comprising (i) dividend income of HK\$40.0 million (2024: HK\$37.6 million) from 16 (2024: 16) listed securities in Hong Kong, and (ii) dividend income of HK\$9.3 million (2024: HK\$7.5 million) from 20 (2024: 16) listed securities outside Hong Kong.

Performance of the unlisted funds in the year

The net fair value gain on unlisted funds measured at FVPL of HK\$119.9 million, comprising (i) a total of fair value gains of 32 unlisted funds amounted to HK\$289.0 million, and (ii) a total of fair value losses of 22 unlisted funds amounted to HK\$169.1 million. The total fair value changes of 10 unlisted funds set out below amounted to a net gain of HK\$59.2 million, representing 49.3% of the net fair value gain of all 54 unlisted funds. The remaining net fair value gain of HK\$60.7 million was from 43 other unlisted funds.

The fair value changes of 10 unlisted funds mentioned above include: (1) a fair value gain of Left Lane Capital Partners II-C of HK\$41.4 million (2024: HK\$24.2 million), (2) a fair value gain of Indus Select Fund, Ltd of HK\$35.2 million (2024: HK\$7.2 million), (3) a fair value gain of Princeville Global III of HK\$23.6 million (2024: HK\$4.5 million), (4) a fair value gain of APES Gelada Income Limited of HK\$20.3 million (2024: nil), (5) a fair value gain of VMS Chime Investment Fund of HK\$19.8 million (2024: fair value loss of HK\$0.3 million), (6) a fair value gain of Potentia Capital Trust II of HK\$17.3 million (2024: HK\$9.0 million), (7) a fair value loss of Equality Private Equity Fund I-A of HK\$32.1 million (2024: fair value gain of HK\$31.2 million), (8) a fair value loss of Cerberus Cloud Partners of HK\$25.6 million (2024: HK\$25.0 million), (9) a fair value loss of Dragonfly Ventures III Feeder Fund of HK\$20.8 million (2024: fair value gain of HK\$54.6 million), and (10) a fair value loss of Apollo Hybrid Value Overseas Partners II of HK\$19.9 million (2024: fair value gain of HK\$20.4 million).

Management Discussion and Analysis

Commentary on Annual Results (continued)

(I) Review of 2025 Results (continued)

Performance of the motoring school operation in the year

The principal income of the motoring school operation is the driving training course fee which is recognized in profit or loss upon the completion of the training lessons. Income from driving training courses recorded a decrease of 2.8% to HK\$759.5 million (2024: HK\$781.3 million) mainly due to the drop in number of completed driving lessons for both non-motorcycle and motorcycle courses at the designated driving schools. Interest income from banks also dropped to HK\$22.0 million (2024: HK\$37.2 million). Operating expenses slightly decreased during the current year mainly due to decrease in staff cost and vehicle running expenses. In aggregate, profit before tax from the motoring school operation decreased by 8.4% to HK\$285.1 million (2024: HK\$311.3 million).

Performance of the electronic toll operation in the year

Autotoll (BVI) Limited ("Autotoll"), a jointly controlled entity, which provides toll collection services for HKeToll. It also provides intelligent transportation and logistics management solutions and smart city service solutions. Profit before tax from electronic toll operation increased to HK\$29.5 million (2024: HK\$23.4 million), primarily driven by the increase in the share of profits of Autotoll, amounting to HK\$16.7 million (2024: HK\$9.9 million). The improved profit of Autotoll was the result of higher profit from HKeToll, which more than offset the decline in profits from intelligent transportation and logistics management solutions, as well as smart city service solutions.

(II) Treasury Investments and Significant Investments Held

As at 31 December 2025, the Group maintained an investment portfolio with a carrying amount of HK\$5,240.7 million (2024: HK\$5,018.8 million). The aggregate value of the investment portfolio increased by HK\$221.9 million during the year. The portfolio mainly composed of HK\$3,628.0 million (2024: HK\$3,743.7 million) unlisted funds and HK\$1,554.2 million (2024: HK\$1,274.7 million) listed and unlisted equity securities.

The movements in the investment portfolio held by the Group during the year

	1 January 2025 HK\$ million	Addition HK\$ million	Disposal/ Distribution HK\$ million	Fair value change in OCI HK\$ million	Fair value change in profit and loss/ECL HK\$ million	31 December 2025 HK\$ million
Financial assets measured at FVOCI						
– Listed equity securities	54.9	–	–	5.3	–	60.2
Financial assets measured at FVPL						
– Unlisted funds	3,743.7	519.5	(755.1)	–	119.9	3,628.0
– Listed equity securities	1,216.6	132.3	(205.3)	–	350.4	1,494.0
– Unlisted equity security	3.2	–	–	–	(3.2)	–
– Treasury bills	–	120.8	(63.1)	–	0.5	58.2
– Listed debt security	0.4	–	–	–	(0.1)	0.3
	<u>4,963.9</u>	<u>772.6</u>	<u>(1,023.5)</u>	<u>–</u>	<u>467.5</u>	<u>5,180.5</u>
	<u>5,018.8</u>	<u>772.6</u>	<u>(1,023.5)</u>	<u>5.3</u>	<u>467.5</u>	<u>5,240.7</u>

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(II) Treasury Investments and Significant Investments Held *(continued)*

The movements in the investment portfolio held by the Group during the year (continued)

During the year, total additions to financial assets amounted to HK\$772.6 million. These additions comprised investments of HK\$519.5 million in 33 unlisted funds, HK\$132.3 million in 11 listed equity securities, and HK\$120.8 million in treasury bills. The Group made new commitments to 2 unlisted funds and invested HK\$187.8 million as capital contribution to these funds during the year. The remaining unlisted fund investments of HK\$331.7 million were capital contributions to 31 unlisted funds that were committed in prior years. These investments were undertaken to further diversify the investment portfolio and support long-term growth.

Total disposals and distributions of financial assets during the year amounted to HK\$1,023.5 million. This included divestments of HK\$755.1 million from 27 unlisted funds, HK\$205.3 million from 11 listed equity securities, and HK\$63.1 million from treasury bills. The divestment of unlisted funds consisted of disposal of interests in 5 unlisted funds totaling HK\$363.4 million, together with distributions of HK\$391.7 million from 25 unlisted funds. The distributions from unlisted funds increased by HK\$153.7 million as compared to last year of HK\$238.0 million because more unlisted funds achieved higher value appreciation from the underlying assets, leading to higher realized gains distributed to the Group. The disposal of certain listed equity securities and unlisted funds were undertaken to enhance overall liquidity, realize capital appreciation from investments, and reserve funds to generate stable and recurring income for the year.

Other movements during the year included the net fair value gain on financial assets measured at FVPL of HK\$467.5 million and a net fair value gain on financial assets measured at FVOCI of HK\$5.3 million.

The investment return rate for unlisted funds in 2025 is 3.2% (2024: 3.2%). This is calculated by dividing the fair value increase of HK\$119.9 million by the opening carrying amount of HK\$3,743.7 million. The investment return rate for listed equity securities in 2025 is 31.9% (2024: 24.7%). This is calculated by dividing the sum of the fair value increase of HK\$355.7 million and dividend income of HK\$49.3 million by the opening carrying amount of HK\$1,271.5 million. Overall, the combined investment return rate for unlisted funds and listed equity securities in 2025 is 10.5% (2024: 7.8%).

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(II) Treasury Investments and Significant Investments Held *(continued)*

The movements in the investment portfolio held by the Group during the year (continued)

During the year, the Group disposed of investments in Equality Private Equity Partners Parallel Fund I-A, L.P. and True Wind Capital II-A, L.P. to Industry Ventures Tech Buyout II, L.P. (“Industry Ventures”), and investment in Apollo Hybrid Value Overseas Partners II, L.P. to Portfolio Advisors Credit Secondaries Fund, L.P. (“Portfolio Advisors”) as disclosed in the announcements dated 1 October 2025 (the “Announcements”). Having made reasonable enquiries (up to December 2025) and based on the information publicly available, the Company sets out the following additional information:

- Portfolio Advisors is an open-ended fund managed by Portfolio Advisors, LLC, a Connecticut limited liability company (“Portfolio Advisors LLC”), with a wide investor base comprising more than 80 investors (which is subject to change from time to time given it being an open-ended fund). Portfolio Advisors LLC was founded in 1994 to provide private markets investment solutions primarily to institutional clients. In June 2023, Franklin Square Holdings, L.P., a limited partnership formed in Pennsylvania, acquired 100% of the ownership of Portfolio Advisors LLC. In July 2025, Portfolio Advisors LLC and Franklin Square Holdings, L.P. were rebranded as Future Standard. As of 30 September 2025, Future Standard manages approximately US\$86 billion in assets and offers a powerful blend of investment capabilities. Portfolio Advisors LLC remains a registered investment advisor and an affiliate of Future Standard.
- Industry Ventures is an investment fund managed by Industry Ventures L.L.C., a Delaware limited liability company and registered investment advisor (“Industry Ventures LLC”), with a wide investor base comprising more than 100 investors. Founded in 2000, Industry Ventures LLC is an investment firm based in San Francisco, California. The firm has pioneered flexible capital solutions across the venture life cycle from seed and early-stage investing to late-stage secondaries and VC-backed companies transitioning to buyout. It manages over US\$8 billion in assets on behalf of its investors as of November 2025. Industry Ventures LLC’s full-scale platform, complementary funds, and unparalleled network have contributed to its long-standing track record. On 13 October 2025, Goldman Sachs announced it has entered into an agreement to acquire Industry Ventures LLC. After the transaction closes in the first quarter of 2026, Goldman Sachs will own 100% of Industry Ventures LLC.

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(II) Treasury Investments and Significant Investments Held *(continued)*

Significant investments of individual fair value of 5% or above of the Group's total assets

Diversified Absolute Return Fund

Diversified Absolute Return Fund (“DARF”) is an unlisted generalist fund managed by asset manager who applied various investment strategies to accomplish their investment objective. The principal business of DARF is to invest for returns from capital appreciation and investment income. The underlying investments of DARF are in listed and unlisted equities of Mainland China companies, which focus on a variety of industries including Technology, Media, and Telecom (“TMT”), logistic, consumer industry, healthcare, culture and entertainment and enterprise services. As at 31 December 2025, the Group held about 41,805 class A shares and 26,700 class E1 shares of DARF, with a fair value of HK\$653.3 million (2024: HK\$653.1 million) representing its 29.9% interest in DARF. This valuation exceeded the purchase cost of HK\$610.2 million and accounted for 7.3% of the Group's total assets, 12.5% of the Group's investment portfolio, and 18.0% of the Group's unlisted funds portfolio. In terms of performance, a fair value gain of HK\$7.4 million (2024: fair value loss of HK\$20.5 million) on such investment was recognised in profit or loss for the year 2025. Distribution of HK\$7.2 million (2024: HK\$37.9 million) was received from such investment for the year.

Other than the significant investment mentioned above, the carrying amount of each of the financial assets of the Group's investment portfolio represented less than 5% of the Group's total assets as at 31 December 2025. Other financial assets mainly composed of unlisted funds (accounting for 33.3% of the Group's total assets and 56.8% of the Group's investment portfolio respectively) and listed equity securities (accounting for 17.4% of the Group's total assets and 29.7% of the Group's investment portfolio).

Details of unlisted funds

The Group invested in diverse unlisted funds with different focuses on industries, sectors, regions, and asset types, in order to achieve investment objectives of reducing investment concentration risk and to enhance returns for its shareholders. Apart from the significant unlisted generalist fund “DARF” mentioned above, the Group at 31 December 2025 held a total of 45 unlisted funds with a total fair value of HK\$2,974.7 million. The underlying investments include listed and unlisted equity securities, debt securities, private equity funds, structured products and venture capital deals in various regions, covering various industries and sectors. Industrial and geographical analysis of unlisted funds and top 10 unlisted funds are demonstrated below:

Industrial and geographical analysis of unlisted funds

As at 31 December 2025, the Group held 13 unlisted generalist funds (including DARF) with a total fair value of HK\$1,768.1 million, representing 19.8% of the Group's total assets, 33.7% of the Group's investment portfolio, and 48.7% of the unlisted funds portfolio. These generalist funds invest across a broad range of industries and sectors rather than concentrating on a single category, including TMT, logistic, consumer industry, healthcare, culture and entertainment, financial service, information technology, energy, air freight, pharmaceuticals, infrastructure, automotive and enterprise services. In terms of performance, a net fair value gain of HK\$93.6 million on these unlisted funds was recognised in profit or loss for the year 2025. During the year, capital contribution to and distribution from these unlisted funds were HK\$257.6 million and HK\$157.6 million respectively.

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(II) Treasury Investments and Significant Investments Held *(continued)*

Industrial and geographical analysis of unlisted funds *(continued)*

The remaining 33 unlisted funds had a total fair value of HK\$1,859.8 million, representing 20.8% of the Group's total assets, 35.5% of the Group's investment portfolio, and 51.3% of the unlisted funds portfolio. These funds invest in various industries and sectors including diversified technology, enterprise software, consumer internet and healthcare.

As at 31 December 2025, the Group held 32 unlisted funds with a total fair value of HK\$2,050.7 million that are invested in US and/or China, representing 23.0% of the Group's total assets, 39.1% of the Group's investment portfolio, and 56.5% of the unlisted funds portfolio. The remaining 14 unlisted funds with a total fair value of HK\$1,577.3 million that are invested in globally, in Asia and in Australia, representing 17.7% of the Group's total assets, 30.1% of the Group's investment portfolio, and 43.5% of the unlisted funds portfolio.

Top 10 unlisted funds, excluding the DARF mentioned above ("U10")

As at 31 December 2025, the Group's 10 largest unlisted funds (excluding DARF) had an aggregate fair value of HK\$1,514.0 million (2024: HK\$1,176.5 million), representing 16.9% of the Group's total assets, 28.9% of Group's investment portfolio, and 41.7% of the unlisted funds portfolio. The U10 are Nexus Strategic Investments Fund, Left Lane Capital Partners II-C, APES Gelada Income Limited, Indus Select Fund, Ltd., Princeville Global III, Banner Ridge DSCO Fund I (Offshore), VMS Chime Investment Fund, Thoma Bravo Fund XV-A, Iconiq Strategic Partners VI-B, and Novel Data IDC Fund. A net fair value gain of HK\$173.2 million (2024: HK\$27.5 million) from the U10 was recognised in profit or loss for the year 2025. During the year, total capital contributions to U10 amounted to HK\$219.0 million (2024: HK\$82.9 million), while distributions received from U10 amounted to HK\$54.7 million (2024: HK\$31.6 million).

Details of listed equity securities

Listed equity securities held by the Group at 31 December 2025 comprised a total of 43 listed equity securities with an aggregate fair value of HK\$1,554.2 million covering various industries and sectors. Of these securities, 21 were listed in Hong Kong with a total fair value of HK\$1,205.7 million, representing 13.5% of the Group's total assets and 23.0% of the Group's investment portfolio. The remaining 22 securities were listed outside Hong Kong (including the United States, the United Kingdom and Japan) with a total fair value of HK\$348.6 million, representing 3.9% of the Group's total assets and 6.7% of the Group's investment portfolio. Industrial analysis of listed equity securities and top 10 listed equity securities are demonstrated below:

Industrial analysis of listed equity securities

As at 31 December 2025, the Group held 13 listed equity securities which are in the industries of telecommunications and information technology, with a total fair value of HK\$972.0 million, representing 10.9% of the Group's total assets, 18.5% of the Group's investment portfolio, and 62.4% of the listed equity securities portfolio. In terms of performance, a fair value gain of HK\$179.8 million (2024: HK\$194.2 million) on these listed equity securities was recognised in profit or loss for the year 2025.

The remaining 30 listed equity securities had a total fair value of HK\$582.2 million, representing 17.4% of the Group's total assets, 11.1% of the Group's investment portfolio, and 37.6% of the listed equity securities portfolio. These listed equity securities are in various industries including financial services, securities investment, asset management, energy, materials, consumer industry, healthcare and related services, industrial and infrastructure.

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(II) Treasury Investments and Significant Investments Held *(continued)*

Top 10 listed equity securities ("E10")

As at 31 December 2025, the Group's 10 largest listed securities had an aggregate fair value of HK\$1,269.0 million (2024: HK\$962.4 million), representing 14.2% of the Group's total assets, 24.2% of Group's investment portfolio, and 81.6% of the listed equity securities portfolio. The E10 are China Telecom Corporation Limited (Stock Code: 728), Oshidori International Holdings Limited (Stock Code: 622), China Unicom (Hong Kong) Limited (Stock Code: 762), Tencent Holdings Limited (Stock Code: 700), Alibaba Group Holding Limited (Stock Code: 9988), China Mobile Limited (Stock Code: 941), Apollo Global Management, Inc. (Stock Code: APO), AT&T Inc. (Stock Code: T), Glencore Plc (Stock Code: GLEN) and China Merchants Port Holdings Company Limited (Stock Code: 144). A net fair value gain of HK\$327.0 million (2024: HK\$222.5 million) from the E10 was recognised in profit or loss for the year 2025. During the year, total investments to E10 amounted to HK\$81.1 million (2024: HK\$58.2 million), while total disposals from E10 amounted to HK\$101.5 million (2024: HK\$109.8 million).

The Group's investment objective is to increase the value of its treasury management business so as to enhance returns for its shareholders. Through a prudent strategy of maintaining an appropriate mix of different types of investment instruments in its portfolio mainly comprising unlisted funds providing higher growth with a medium to long term horizon, and equity securities providing liquidity, capital appreciation and stable and recurring income, the Group seeks not only to enhance its source of revenue in order to mitigate the risks of losing income from any one particular source, but also to achieve consistent risk adjusted returns in its investment portfolio.

The future prospects of the Group's unlisted fund investments and equity securities will be subject to various factors, including but not limited to political, economic, technology, financial and risk factors that are specific to individual industry sectors of the investments and will therefore vary from one investment to another depending on the overall capital and investment markets conditions, macroeconomic conditions such as GDP growth trends, inflationary pressures, interest rate and monetary policy developments, currency movements, fiscal policy environments, global trade conditions, commodity price, as well as the prospects of the relevant industry. These macroeconomic conditions may influence return of the investments by affecting corporate earnings, operating costs, valuation multiples, financing conditions, investor sentiment and market liquidity. For example, changes in GDP growth affect revenue prospects; inflation and interest rate movements influence cost structures; currency fluctuations impact profit margins; and shifts in fiscal and trade policies alter overall business activity and sector dynamics. In particular, the recent Gulf war has heightened geopolitical instability, disrupted energy markets, and increased global economic volatility, all of which are expected to affect the Group's investment portfolio in the coming year. However, the Group will benefit from a portfolio constructed of different kinds of investments aiming to, on average, yield higher long-term returns and lower the risk associated with any individual investment.

Management Discussion and Analysis

Commentary on Annual Results *(continued)*

(III) Liquidity, Financial Resources, and Capital Structure

The Group maintained a sound financial and liquidity position for the year. As at 31 December 2025, total assets of the Group amounted to HK\$8,936.4 million (2024: HK\$8,597.4 million), with approximately 52.1% (2024: 47.8%) being current assets. Additionally, the Group reported net assets of HK\$8,268.0 million (2024: HK\$7,684.3 million) and net current assets of HK\$4,093.2 million (2024: HK\$3,399.2 million). The net asset value per share was HK\$22.2 (2024: HK\$20.6).

As at 31 December 2025, the Group held bank deposits and cash amounted to HK\$2,999.8 million (2024: HK\$2,767.4 million) and did not have external borrowings and debts (2024: nil). Most of the bank deposits and cash were denominated in United States dollars or Hong Kong dollars. The gearing ratio was not applicable to the Group. If applicable, the gearing ratio is calculated as the ratio of net borrowings to total equity.

(IV) Foreign Currency Exposure

The Group's primary business transactions, assets, and liabilities are denominated in Hong Kong dollars and United States dollars. The Group considers its foreign currency exposure arising from United States dollars would not be material as Hong Kong dollar is pegged against United States dollar. The Group has foreign currency risk mainly through its financial assets in currencies other than United States dollars and Hong Kong dollars, principally Australian dollars and British pounds. As at 31 December 2025, financial assets denominated in Australian dollars and British pounds accounted for 1.1% and 1.3% of the Group's total assets respectively. The Group has not used derivative financial instruments to hedge its foreign currency exposures during the year.

(V) Pledge of Assets

Certain securities were pledged to the various financial institutions to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. As at 31 December 2025 and 31 December 2024, these facilities were not utilized by the Group.

(VI) Comments on Segmental Information

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are motoring school operations, treasury management and securities investment. The principal activities of the Company's joint venture are electronic toll operation and smart city solutions.

(VII) Employees

The Company and its subsidiaries have 660 employees. Employees are remunerated according to job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes and medical insurance, discretionary bonuses or employee share options will be awarded to employees of the Group at the discretion of the board of directors, depending upon the financial performance of the Group. Total staff costs for the year amounted to HK\$413.8 million (2024: HK\$427.4 million).

Management Discussion and Analysis

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group include the distinctive risks pertaining to the Company and each business segment of the Group.

The aim of the Company's business strategies is to deliver long-term value and sustainable returns to our shareholders. The Company targets to maintain a steady return to its shareholders and at the same time a strong balance sheet in pursuing investment opportunities in the future. At present, the Company maintains to pay dividend four times (quarterly) a year. Strategic risk facing the Company might arise from poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment, resulting in failure to deliver reasonable returns or to meet growth expectations. In this respect, strategic issues are regularly reviewed by the Executive Committee and regular assessments are made to ensure that strategies remain appropriate, and that each business segment is making progress in meeting the strategic objectives of the Company. The Company is inevitably exposed to risks in achieving its business objectives and the Board strives to mitigate such risks to acceptable level through the design, implementation and monitoring of effective risk management and internal control systems.

The equity price risk facing the Group's treasury management business is the price volatility of the listed and unlisted equity securities and unlisted funds that the Group holds, which in turn will be affected by various factors in addition to the business risk associated with individual equity investments and underlying investment of the unlisted funds. They include global risk related to economic and geopolitical issues in the major markets, policy risk such as changes in government policies and regulations, interest rate risk, credit risk, liquidity risk and currency risk. Exposure to such risk may be reduced by maintaining a diversified portfolio of equity investments and unlisted diversified funds in different industries/sectors.

The credit risk facing the Group's treasury management business is mainly the credit loss of the listed debt investments and interest-bearing instruments that the Group holds, which can be affected by several economic, financial and business factors, such as changes in the economic and business environment, fluctuation of interest rate, deterioration of employment condition and volatility of financial markets. Maintaining an investment portfolio with an acceptable level of risk and exposure as well as closely monitoring not only the risk of individual debt and interest-bearing instruments but also risk in the entire portfolio to reduce or mitigate concentrations are measures to mitigate unexpected losses in the event of defaults.

The motoring school operation is subject to changes in government policy in respect of land use and the provision of restricted driving instructors, driving examiners, as well as the availability of private driving instructors in the market. Its profitability may also be affected by deteriorated economic conditions and intense price competition from other operators. To mitigate the impacts of these risks, the management stays alert on changes in the business environment and prepares to cope with them by exploring feasible options to secure the continued operations of the driving training centres.

For electronic toll operation jointly operated with a joint venture partner, regulatory risk include changes in government policy and regulation such as introducing a licensing regime for Store Value Facilities ("SVF") and the passing of competition laws. In response to the compliance risk associated with the SVF licensing, a risk management committee was set up to oversee the implementation of all the necessary measures as well as control process for fulfilling the licensing requirements. Further, in addition to economic risk in business environment, technology risk such as the evolution of new technology on the modes of electronic payment creates both threats and opportunities.

The Group is committed to improving its risk monitoring and management mechanism in order to ensure control measures are both embedded and effective within each business segment.

Hong Kong, 20 March 2026

Directors and Senior Management

Executive Director/Senior Management

Cheung Chung Kiu

Aged 61

Length of service as director: 25 years

Current term of office: 19 May 2025 (re-elected) to 2028 AGM

Mr. Cheung was appointed Chairman of the Company on 21 March 2001 and is a member of the Executive Committee and the Remuneration Committee of the Company, as well as a member and chairman of the Nomination Committee of the Company. He also holds directorships in certain other members of the Group. Mr. Cheung has a wide range of experience in investment and business management, including over 25 years of experience in property development and investment mainly in Hong Kong and the PRC as well as in other mature cities globally, including London and Sydney. He is chairman of C C Land Holdings Limited (“C C Land”), which is a public listed company in Hong Kong. He is a director of Windsor Dynasty Limited and Rose Dynamics Limited, which are companies disclosed in the section headed “Other Persons’ Interests and Short Positions” on page 77.

Yeung Hin Chung, John, SBS, OBE, JP

Aged 79

Length of service as director: about 24 years and 7 months

Current term of office: 22 May 2023 (re-elected) to 2026 AGM

Mr. Yeung was appointed Managing Director of the Company on 1 August 2001 and is a member of the Executive Committee of the Company and chairman and/or director of certain other members of the Group. Mr. Yeung holds a doctoral degree in management. Prior to joining the Company, he had held various key management positions in the Government of Hong Kong, where he last served as Deputy Director of Immigration; and in the private sector, where he last worked as the chief executive of the Shun Hing Group. Mr. Yeung is an Honorary Institute Fellow of the CUHK Asia-Pacific Institute of Business and a member of the CUHK Advisory Group on Undergraduate Studies in Business.

Yuen Wing Shing

Aged 79

Length of service as director: 25 years

Current term of office: 20 May 2024 (re-elected) to 2027 AGM

Mr. Yuen was appointed Executive Director of the Company on 21 March 2001 and is a member of the Executive Committee of the Company and director of certain other members of the Group. Mr. Yuen holds a diploma in management studies awarded jointly by the then Hong Kong Polytechnic and Hong Kong Management Association in 1986. Prior to joining the Company, he had held senior management positions with a major bank in Hong Kong for over 20 years. He is a Shareholder Representative Supervisor of the eighth session of the Supervisory Board of Shengjing Bank Co., Ltd. (which has withdrawn the listing of the H shares on The Stock Exchange of Hong Kong (the “Exchange”) with effect from 4:00 p.m. on 20 November 2025) and served as an executive director of Y. T. Realty Group Limited (“Y. T. Realty”, a public listed company in Hong Kong) until 31 May 2024.

Directors and Senior Management

Executive Director/Senior Management

Wong Chi Keung

Aged 70

Length of service as director: 25 years

Current term of office: 19 May 2025 (re-elected) to 2028 AGM

Mr. Wong was appointed Executive Director of the Company on 21 March 2001 and is a member of the Executive Committee of the Company and director of certain other members of the Group. Mr. Wong holds a doctoral degree in business and is a member of the Royal Institution of Chartered Surveyors, The Hong Kong Institute of Housing and the Chartered Institute of Housing. He is a fellow of the Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held various senior executive positions with some of Hong Kong's leading property companies and property consultant firms for the past 30 years. He is a deputy chairman and an executive director of C C Land and an independent non-executive director of Water Oasis Group Limited, both being public listed companies in Hong Kong.

Leung Wai Fai

Aged 64

Length of service as director: 25 years

Current term of office: 19 May 2025 (re-elected) to 2028 AGM

Mr. Leung was appointed Executive Director of the Company on 21 March 2001 and is a member of the Executive Committee of the Company and director of certain other members of the Group. Mr. Leung graduated from University of Wisconsin-Madison with a bachelor's degree in business administration. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Leung has over 30 years of extensive experience in accounting and financial reporting. He is an executive director of C C Land.

Tung Wai Lan, Iris

Aged 60

Length of service as director: 25 years

Current term of office: 20 May 2024 (re-elected) to 2027 AGM

Ms. Tung was appointed Executive Director of the Company on 21 March 2001 and is a member of the Executive Committee and the Nomination Committee of the Company, as well as director of certain other members of the Group. Ms. Tung holds a master of philosophy degree from The Chinese University of Hong Kong.

Directors and Senior Management

Independent Non-executive Director

Ng Kwok Fu

Aged 54

Length of service as director: about 21 years and 5 months

Current term of office: 20 May 2024 (re-elected) to 2027 AGM

Mr. Ng was appointed Independent Non-executive Director of the Company on 30 September 2004 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College of Canada. He has over 20 years of experience in the marketing, trading, purchasing and developing of construction materials as well as in technical control, support and management in building projects. He served as an independent non-executive director of Y. T. Realty until 8 September 2023.

Leung Yu Ming, Steven

Aged 66

Length of service as director: about 18 years and 5 months

Current term of office: 22 May 2023 (re-elected) to 2026 AGM

Mr. Leung was appointed Independent Non-executive Director of the Company on 1 October 2007 and is a member and chairman of the Audit Committee and the Remuneration Committee of the Company, as well as a member of the Nomination Committee of the Company. Mr. Leung received his bachelor of social science degree from The Chinese University of Hong Kong and master's degree in accountancy from Charles Sturt University of Australia. He is a fellow of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. He is also a certified practising accountant in Australia and a practising certified public accountant in Hong Kong. Mr. Leung commenced public practice in auditing and taxation in 1990 and is currently a senior partner in a CPA firm. He has over 30 years of experience in assurance, financial management and corporate finance, having previously worked as assistant vice president in the International Finance and Corporate Finance Department of Nomura International (Hong Kong) Limited. He is an independent non-executive director of Suga International Holdings Limited, a public listed company in Hong Kong, Y. T. Realty and C C Land.

Wong Lung Tak, Patrick, BBS, JP

Aged 78

Length of service as director: about 2 years and 10 months

Current term of office: 22 May 2023 (elected) to 2026 AGM

Mr. Wong was appointed Independent Non-executive Director of the Company on 22 May 2023 and is a member of the Audit Committee and the Nomination Committee of the Company. Mr. Wong is a Certified Public Accountant (Practicing) and a Chartered Tax Adviser in Hong Kong and also a corporate governance fellow in the United Kingdom and in Hong Kong. He is currently the Managing Practising Director of Patrick Wong C.P.A. Limited. He has over 50 years' experience in the accountancy profession. Mr. Wong was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Mr. Wong served as an independent non-executive director of C C Land until 22 May 2023. He is an independent non-executive director of Galaxy Entertainment Group Limited, Water Oasis Group Limited, Winox Holdings Limited and Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited. The above companies are public listed companies in Hong Kong.

Corporate Governance Report

The board is pleased to present the Corporate Governance Report of the Company.

Corporate Governance Practices

This report sets out the Company's application of the Corporate Governance Code (the "CG Code") set out within Appendix C1 to the Main Board Listing Rules (the "Listing Rules") for the year ended 31 December 2025. To ensure that governance standards are met, and that processes are in place to ensure continuous improvements, the full board assumes the corporate governance duties rather than delegates the responsibility to a committee.

The board is responsible for discharging the corporate governance functions prescribed under the CG Code.

During the year and up to the date of this report, the board conducted an annual review of (a) the Company's policies and practices on corporate governance; (b) the training and continuous professional development of directors (including executive directors who are senior management of the Company); (c) the Company's policies and practices on compliance with legal and regulatory requirements; and (d) the conduct codes applicable to employees and directors. The board also reviewed the Company's compliance with the CG Code at regular intervals and relevant disclosure in the interim report and in this report. In the opinion of the board, the Company complied with the principles and the code provisions of the CG Code in all respects throughout the year save for the deviation described below.

The Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment and has therefore deviated from C.3.3 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company's articles of association, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Corporate Values, Culture and Strategy

The Company has always been committed to upholding the principles of good corporate governance. These principles highlight an effective board, sound risk management and internal control systems as well as transparency and accountability. The board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and to enhance corporate values and accountability. The board considers such commitment essential in balancing the interests of various stakeholders and the Company and its subsidiaries (together, the "Group") as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

The aim of the Company's business strategies is to deliver long-term value and sustainable returns to its shareholders. The Company aims to maintain a steady return to its shareholders and at the same time a strong financial position in pursuing investment opportunities in the future. The board is responsible for monitoring and evaluating the Company's culture to ensure it aligns with its purpose, values and strategy. As a Group with diversified businesses, by recognizing the importance of stakeholders at the board level and throughout the Group, the Company is committed to creating a culture of honesty and integrity in all aspects of its business affairs to foster the sustainability of the Group. The Company's culture is moulded by our values and vision. All directors stand in a fiduciary relationship to the Company and must act honestly, in good faith and in its best interests. They abide in all respects by all rules and regulations of the Company (including but not limited to its constitution, codes of conduct and policies and procedure) and of the Group, where appropriate, and applicable laws, rules and regulations. The Company's culture and vision are taken into account when developing the policies and procedures of the Group.

Corporate Governance Report

Corporate Values, Culture and Strategy *(continued)*

The Group provides orientation packages and staff handbook to new employees for their better understanding the Company's culture and values, and provided appropriate training to senior management from time to time across the Group so that they can continue to refer to the Company's culture and values and reinforce them when interacting with the employees of the Group. Acting with integrity and leading by examples, the Directors promote the desired culture and the importance of probity to instil and continuously encourage and promote such behaviour for themselves, officers and employees. The Group will continue its prudent long-term growth strategy aligned with the Company's culture and at the same time remain vigilant to the challenges ahead and their impacts on the Group's performance.

Board of Directors

Corporate governance functions, as noted above, are performed by the board which assumes responsibility for leadership and control of the Company. Directors being pillars of corporate governance act at all times honestly and exercise care, diligence and skill in the discharge of their duties. The board is collectively responsible for promoting the success of the Company and seeks to balance broader stakeholder interests and those of the Group.

Board composition

The board, which is chaired by Mr. Cheung Chung Kiu, comprises nine members. The directors who served the board during the year and up to the date of this report are shown below. No lead independent non-executive director has been appointed.

Executive Director

Cheung Chung Kiu (*Chairman*)

Yeung Hin Chung, John, SBS, OBE, JP (*Managing Director*)

Yuen Wing Shing

Wong Chi Keung

Leung Wai Fai

Tung Wai Lan, Iris

Independent Non-executive Director

Ng Kwok Fu

Leung Yu Ming, Steven

Wong Lung Tak, Patrick, BBS, JP

Brief biographical details of the directors, including their length of tenure and current term of office, appear in the section headed "Directors and Senior Management" on pages 18 to 20.

The Company embraces the benefits of having a diverse board and directs that the review of board composition be a collective effort of the board and the nomination committee. The appointment or re-appointment of a director shall first be considered by the nomination committee with reference to the policies adopted by the Company governing the nomination and diversity of board members. Recommendations of the nomination committee will then be put forth at the next board meeting for directors' consideration and approval.

In the opinion of the nomination committee, an appropriate level of diversity on the board was achieved, and a balanced composition of executive directors and independent non-executive directors, the latter being of sufficient calibre and number for their views to carry weight in the board's deliberations, was maintained, throughout the year. The committee has noted that none of the independent non-executive directors has any interests or relationships that could materially interfere with his independent judgment and concluded that all independent non-executive directors remain independent.

Corporate Governance Report

Board of Directors *(continued)*

Board composition *(continued)*

Board meetings are held regularly four times a year and additionally as needed to discharge the board duties effectively. Regularly scheduled meetings are also held by the board committees to discharge their duties effectively. Independent non-executive directors, as equal board members, give the board and its committees on which they serve the benefit of their skills, expertise and diverse backgrounds and qualifications through regular meeting attendance and active participation. They also attend general meetings and develop a balanced understanding of the views of shareholders.

Board independence

The Group has put in place mechanisms to ensure independent views and input are available to the board. The board reviews the implementation and effectiveness of the following mechanisms on an annual basis:

- (a) Three out of the nine directors are independent non-executive directors which meets the requirement of the Listing Rules that at least one-third of the board are independent non-executive directors. Independent non-executive directors will be appointed to board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.
- (b) All independent non-executive directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in Rule 3.13 of the Listing Rules. They are also required to inform the Company as soon as possible if there is any change in their personal particulars that may affect their independence.
- (c) All independent non-executive directors are appointed for a specific term of not more than three years from the date of appointment or re-election, and are subject to retirement by rotation at least once every three years. For those who have served on the board more than nine years, any further appointment shall be subject to a separate resolution to be approved by shareholders.
- (d) The nomination committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of directors.
- (e) Every director or board committee member can seek independent professional advice from legal advisers and auditor, in appropriate circumstances at the Company's expense in accordance with the Company's relevant policy.
- (f) Independent non-executive directors will not involve in the daily management of the business and not perform any executive role or management function in the Group, and remain independent from senior management.
- (g) The chairman of the board will meet with the independent non-executive directors at least annually without the presence of the executive directors.
- (h) All directors are encouraged to express their views during the board/committee meetings.

Corporate Governance Report

Board of Directors *(continued)*

Attendance at board and general meetings

Four board meetings and a general meeting (annual general meeting) were held during the year. Attendance of each director at the above meetings is shown below.

	No. of meetings attended/held during directors' tenure	
	annual general meeting	regular board meeting
Executive Director		
Cheung Chung Kiu (<i>Chairman</i>)	1/1	4/4
Yeung Hin Chung, John (<i>Managing Director</i>)	1/1	4/4
Yuen Wing Shing	1/1	4/4
Wong Chi Keung	1/1	4/4
Leung Wai Fai	1/1	4/4
Tung Wai Lan, Iris	1/1	4/4
Independent Non-executive Director		
Ng Kwok Fu	1/1	4/4
Leung Yu Ming, Steven	1/1	4/4
Wong Lung Tak, Patrick	1/1	4/4

During the year, the chairman convened a meeting with the independent non-executive directors without the presence of other directors.

The appointment of management

The board, led by the chairman, is accountable to shareholders for the overall management and performance of the Group. This requires continuing attention, the board therefore appoints management, which is made up of executive committee members, with additional members from the second line of management. The managing director in turn delegates aspects of the management and administrative functions to senior executives who report directly to him on a regular basis.

Delegations to management and reserving matters for the board

The board sets the business strategy of the Group and monitors its development. It delegates other matters to management while reserving certain decisions and actions for itself and performing them effectively. There is a written statement of matters reserved for the board and those delegated to management. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

This statement recognises nine broad categories into which reserving matters for the board may fall, namely (1) board and senior management; (2) relations with the shareholders and stakeholders; (3) financial matters; (4) business strategy; (5) capital expenditures; (6) lease or purchase of buildings; (7) major transactions not included in the budget; (8) actions or transactions involving legality or propriety; and (9) internal control and reporting systems.

Corporate Governance Report

Board of Directors *(continued)*

Delegations to management and reserving matters for the board *(continued)*

The board sees to it that management is managing properly and does not exceed its remit. The statement gives clear directions as to the powers of management. These include executing the business strategies and initiatives adopted by the board, approving investments and divestments as well as managing the Group's assets and liabilities in accordance with the policies and directives of the board. Specifically, management helps prepare interim and annual accounts/reports, and implements and monitors the Company's financial controls and systems of risk management and internal control. Management typically meets each month to review the operating and financial performance of the Group against agreed budgets and targets.

Supply of and access to information

The board and individual directors have separate and independent access to management at all times. The management ensures that the board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. It also provides sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval. All directors have access to the advice and services of the company secretary to ensure that board procedures are being followed and that applicable rules and regulations are being complied with. Every director or board committee member can seek independent professional advice in appropriate circumstances at the Company's expense in accordance with the Company's relevant policy.

Directors' induction and continuous professional development

On appointment to the board, each director receives an induction package covering the latest information about the financial position of the Group as well as guidelines on directors' duties and corporate governance. In addition, all members of the board are provided with monthly updates so that they can have a balanced and understandable assessment of the Group's performance, position and prospects. New directors are welcome to visit the operating divisions to gain a proper understanding of the Group's business operations.

The mini-library maintained by company secretarial department is open to all directors. Stocked with the Company's corporate communications and governance policies and procedures, it also collects applicable rules, ordinances, codes and acts. Directors are welcome to visit the library and borrow those materials.

Corporate Governance Report

Board of Directors (continued)

Directors' induction and continuous professional development (continued)

The Company recognises directors' need for continuous professional development and ensures that sufficient training opportunities are being provided to the directors from time to time to develop and refresh their knowledge and skills. During the year, the Company continued to arrange and fund suitable training for its directors and received a confirmation from each director that he/she had participated in continuous professional development as required by the Listing Rules and the Company. A summary of the training received by directors is set out below:

Name of director	Summary of Directors' Training (No. of hours)					Other topics	Total no. of hours
	Topic 1	Topic 2	Topic 3	Topic 4	Topic 5		
Cheung Chung Kiu	2	4	2	4	4	7	23
Yeung Hin Chung, John	2.5	1	1	2	1	2.5	10
Yuen Wing Shing	2	4	3	5	4	6	24
Wong Chi Keung	3	6.5	4	5.5	5	16.5*	40.5
Leung Wai Fai	2	3	1.5	2	2	4*	14.5
Tung Wai Lan, Iris	2	4	2	3	3	2	16
Ng Kwok Fu	2	4	2	2	2	6.5^	18.5
Leung Yu Ming, Steven	2*	2*	4^	1.5^	1.5^	23.5*	34.5
Wong Lung Tak, Patrick	3	7	4	5	7	61.25^	87.25

Notes:

1. Topics 1 to 5 are specified training topics under the Listing Rules.
2. Topic 1 refers to roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness.
3. Topic 2 refers to listed issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties.
4. Topic 3 refers to corporate governance and environmental, social and governance ("ESG") matters (including developments on sustainability or climate-related risks and opportunities relevant to the Company and its business).
5. Topic 4 refers to risk management, internal controls and anti-corruptions.
6. Topic 5 refers to updates on industry-specific developments, business trends and strategies relevant to the Company.
7. Training hours shown above (except those marked with ^ and *) represent self-study training completed using materials provided by the Company.
8. Training hours marked with ^ represent seminar training delivered by external professional providers.
9. Training hours marked with * represent the combined time of self-study training completed using materials provided by the Company/external professional providers and seminar training delivered by external professional providers.

Board performance evaluation

The Company will conduct a formal evaluation of the board's performance every two years. Details of the evaluation and the board skills matrix will be disclosed in the upcoming annual reports.

Insurance cover

The Company has appropriate insurance cover in respect of legal action against its directors and officers. The extent of insurance cover is reviewed by management on an annual basis.

Corporate Governance Report

Chairman and Managing Director

The positions of chairman and managing director are held by separate individuals with the defined roles of managing the board and managing the affairs of the Company respectively. During the year and up to the date of this report, Mr. Cheung Chung Kiu was the Chairman and Mr. Yeung Hin Chung, John was the Managing Director of the Company. The board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company. The division of responsibilities between the chairman and managing director has been clearly established and set out in writing.

The chairman provides leadership for the board, ensuring its effectiveness in all aspects of its role. He also ensures that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole. The managing director, supported by management, provides planning and implementation.

The chairman ensures that all directors are properly briefed on issues arising at board meetings and that all key and appropriate issues are discussed by the board in a timely manner. He also ensures that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable. Board meetings for each year are scheduled in advance to give all directors an opportunity to attend and are structured to encourage open discussion. All board members are encouraged to update their knowledge of and familiarity with the Group through active participation at board meetings.

The chairman settles the agenda for each individual board meeting, taking into account any additional items proposed by the managing director and arising from current operating issues, as well as such other matters as may be raised by the other directors with him, who can include them on the agenda. The agenda and accompanying board papers are sent in full to all directors in a timely manner and, where possible, at least three days before the time appointed for the meeting.

It is also the chairman's responsibility to control board meetings, to lead discussions to clear conclusions, and to satisfy himself that the secretary of the meeting has understood each conclusion reached. The company secretary and financial controller attend the meetings and advise, where appropriate, on corporate governance and accounting and financial matters. Minutes of board meetings and meetings of board committees are kept by a duly appointed secretary of the meeting and open for inspection by any director. Draft and final versions of minutes of board meetings are sent to all directors for their comments and records respectively.

The chairman encourages all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer, and encourages directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.

The chairman annually holds a meeting with the independent non-executive directors without the presence of other directors. He promotes a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

The Chairman, the Managing Director and other directors of the Company do not have any financial, business, family, material or other relevant relationships with each other.

Corporate Governance Report

Non-Executive Directors

There were three independent non-executive directors during the year and up to the date of this report. Every director, including non-executive director, is subject to retirement by rotation and eligible for re-election in accordance with the Company's articles of association and all applicable laws.

Mr. Ng Kwok Fu was last appointed for a term commencing 20 May 2024 and ending at the close of the annual general meeting in 2027. Mr. Leung Yu Ming, Steven was last appointed for a term commencing 22 May 2023 and ending at the close of the annual general meeting in 2026. Mr. Wong Lung Tak, Patrick was first appointed for a term commencing 22 May 2023 and ending at the close of the annual general meeting in 2026.

The Company received an annual confirmation of independence from each individual independent non-executive director and considers them to be independent in accordance with the independence criteria under Rule 3.13 of the Listing Rules.

Board Committees

The board is supported in its decisions by the four principal committees described below. The terms of reference of all except the executive committee are available on the website of the Company.

The executive committee

In directing and supervising the Company's affairs, the board is supported by an executive committee whose membership is exclusive to executive directors. There are six executive directors in office, as shown in the section headed "Corporate Information" on page 1. All members served on the committee throughout the year and up to the date of this report.

The executive committee is vested with the powers of the directors by the Company's articles of association or that are otherwise expressly conferred upon it, as defined by its terms of reference.

The audit committee

The audit committee, which is chaired by Mr. Leung Yu Ming, Steven, comprises three members as shown below. All members served on the committee throughout the year and up to the date of this report.

This committee acts as the key representative body for overseeing the Company's relations with the external auditor. It supports the board in monitoring the Company's financial information and whistleblowing procedures for employees and third parties, and oversees the Group's financial reporting system, risk management and internal control systems.

Meetings of the audit committee are held at least biannually with the external auditor, KPMG, and triannually with management.

The audit committee met three times during the year with perfect attendance.

Audit committee members

Independent Non-executive Director

	No. of meetings attended/held during directors' tenure
Leung Yu Ming, Steven (<i>Chairman of the committee</i>)	3/3
Ng Kwok Fu	3/3
Wong Lung Tak, Patrick	3/3

Corporate Governance Report

Board Committees *(continued)*

The audit committee *(continued)*

During the year, the audit committee reviewed the Group's risk management and internal control systems, the effectiveness of internal audit function and its other duties under the CG Code, including reviewing the non-audit services policy and whistleblowing policy.

The audit committee also reviewed the Group's audited results for the year ended 2024, the unaudited interim results for the six months ended 30 June 2025 and other matters relating to financial and accounting policies and practices of the Group in the presence of KPMG and/or management. No significant financial reporting judgments were reported, nor were there any significant or unusual items contained in the financial statements.

As disclosed in the section headed "Risk Management and Internal Control" on pages 34 to 37, the audit committee plays a vital role in monitoring the Group's risk management and internal control systems. This was done through regular meetings of the committee with KPMG and with the internal audit function (whether or not in the presence of management) during the year, in which the committee engaged discussions on the risk areas identified, and reviewed any key findings relating to risk assessment as well as arising from the internal and external audit.

In the opinion of management, adequate risk management and internal control systems had been in place and maintained properly throughout the year to ensure the effectiveness and efficiency of operations; to safeguard assets against unauthorised use and disposition; to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements; to allow proactive management of the relevant risks identified; to allow fair and independent investigation of possible improprieties in financial reporting, internal control or other matters and appropriate follow-up action; and to ensure compliance with relevant legislation and regulations. Management was of the further views that there had been no changes, since the last annual review, in the nature and extent of significant risks; that the Company was able to respond to changes to its business and the external environment and its processes for financial reporting and Listing Rule compliance were effective; that the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting function, ESG performance and reporting were adequate. For the year under review, no significant control failings or weaknesses were identified and there revealed no significant areas of improvement or modification which were required to be brought to the attention of the board and the audit committee.

The audit committee concurred with the above findings, and was satisfied that management had performed its duty to have effective systems. The committee further noted that there was no conflict between internal audit and external audit, and the internal audit function was still adequately resourced and effective and had appropriate standing within the Company, during the year.

The audit committee approved the remuneration and terms of engagement of KPMG, and considered their suitability for re-appointment. It examined KPMG's independence and objectivity, having regard to any non-audit services, and the effectiveness of the audit process. The committee was satisfied that KPMG had demonstrated the independence and objectivity required for external auditors and that the audit process had been effective. Recommendations were made to the board on the re-appointment of KPMG as the external auditor of the Company for the ensuing year and on the submission of the 2025 annual accounts for shareholders' adoption at the forthcoming annual general meeting. The board concurred with the committee's view on the re-appointment of KPMG.

Board Committees *(continued)*

The remuneration committee

The remuneration committee, which is chaired by Mr. Leung Yu Ming, Steven, comprises three members as shown below. All members served on the committee throughout the year and up to the date of this report.

This committee supports the board in determining the remuneration packages of individual executive directors and senior management. It further assists the board in making recommendations on the Company's remuneration policy and structure for all directors and senior management, in reviewing and approving the management's remuneration proposals and matters relating to share schemes, as well as in making recommendations on the remuneration of non-executive directors.

The remuneration committee met once during the year with perfect attendance.

	No. of meetings attended/held during directors' tenure
Remuneration committee members	
Executive Director	
Cheung Chung Kiu	1/1
Independent Non-executive Director	
Leung Yu Ming, Steven (<i>Chairman of the committee</i>)	1/1
Ng Kwok Fu	1/1

The Group's remuneration policy for directors and employees seeks to attract, motivate and retain the executive talent that is essential for the implementation of its business strategy towards sustained and long-term returns for shareholders. It ensures fair and competitive packages based on business needs and industry practice; and provides incentives for staff to perform at their highest levels.

The remuneration package for directors and employees is determined by taking into consideration factors such as the Group's operating results, inflation, and market and economic situation. In addition, an individual's potential and contribution to the Group, time commitment and responsibilities undertaken will be considered, subject to annual performance-based assessment. The remuneration structure comprises fixed and variable components, including salaries, discretionary bonuses, retirement scheme contributions and share options.

The level of fees paid to non-executive directors is determined by reference to factors including time commitment, and duties and responsibilities undertaken, aiming to remunerate them at an appropriate and fair level for their efforts and time commitment to the Company and to ensure the attraction and retention of high caliber individuals to oversee the Company's business and development.

During the year, the remuneration committee held a meeting in January 2025 to review and to approve the management's remuneration proposals. It also reviewed, among other matters, directors' fees and remuneration policy and structure. The committee fixed the remuneration packages of individual executive directors, with reference to the Group's operating results and role, responsibility and performance of the individual executive director so as to align management incentives with shareholders' interests. It also recommended non-executive director fees to the board for approval. There were no material matters relating to the Company's share option scheme that required review or approval by the committee during the year.

The committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, supports the Company's goals and objectives. In the opinion of the committee, the executive remuneration levels for the year were in line with the market.

Details of the directors' remuneration for the year are set out in note 8 to the financial statements on page 115.

Corporate Governance Report

Board Committees *(continued)*

The nomination committee

The nomination committee comprised, at the beginning of the year, Mr. Cheung Chung Kiu (the chairman of the committee), Mr. Ng Kwok Fu and Mr. Leung Yu Ming, Steven and, at the end of the year, Mr. Cheung Chung Kiu (the chairman of the committee), Ms. Tung Wai Lan, Iris, Mr. Ng Kwok Fu, Mr. Leung Yu Ming, Steven and Mr. Wong Lung Tak, Patrick. All members served on the committee throughout the year and up to the date of this report with the exception of Ms. Tung Wai Lan, Iris and Mr. Wong Lung Tak, Patrick who have served since their appointment on 1 July 2025.

This committee supports the board in formulating and implementing the policy for the nomination of directors; in maintaining a board skills matrix; in assessing the independence of independent non-executive directors; in advising on directors' appointment or re-appointment and succession planning for directors; and in board performance evaluation. Its primary role is to recruit, screen and recommend board candidates for election by shareholders to ensure that the right mix of talent, skills and experience, as well as diversity on the board, is retained. The committee is also responsible for making recommendations on any proposed changes to the board to complement the Company's corporate strategy.

The nomination committee met once during the year with perfect attendance.

Nomination committee members

Executive Director

Cheung Chung Kiu (*Chairman of the committee*)

Tung Wai Lan, Iris ^{Note}

1/1

0/0

Independent Non-executive Director

Ng Kwok Fu

Leung Yu Ming, Steven

Wong Lung Tak, Patrick ^{Note}

1/1

1/1

0/0

**No. of meetings
attended/held during
directors' tenure**

Note: Appointed as a member of the nomination committee with effect from 1 July 2025.

The following nomination policy has been adopted by the Company to assist the nomination committee in fulfilling its duties and responsibilities as provided in its terms of reference.

Recommended candidates

The committee shall consider any and all candidates recommended as nominees for directors to it by any directors or shareholders; provided that in the case of shareholder recommendations, such recommendations comply with all applicable notice requirements set forth in the Company's articles of association, the procedures for a shareholder's nomination to be properly brought before a general meeting, and the Listing Rules. The committee may also consider, in its sole discretion, any and all candidates recommended as nominees for directors to it by any source.

Board Committees *(continued)*

The nomination committee *(continued)*

Desired qualifications, qualities and skills

The committee shall endeavour to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of all shareholders. Candidates will be selected for their ability to exercise good judgment, to provide the commitment to enhancing shareholder value, practical insights and diverse perspectives. Candidates will also be assessed in the context of the then-current composition of the board, the operating requirements of the Company and the long-term interests of all shareholders. In conducting this assessment, the committee will, in connection with its assessment and recommendation of director candidates, consider diversity (including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and proposed length of service with the Company) and such other factors as it deems appropriate given the then-current and anticipated future needs of the board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the board. The committee may also consider such other factors as it may deem are in the best interests of the Company and its shareholders.

Independence

The committee shall ensure that at least one-third of the board members (or such other number of the members of the board as prescribed by the Listing Rules from time to time) meet the definition of independent non-executive director. The committee shall annually assess each nominee for independent non-executive director by reviewing any potential conflicts of interest that he or she and their immediate family members (as defined in the Listing Rules) may have, based on the criteria for independence set forth in Rule 3.13 of the Listing Rules. A retiring independent non-executive director who has served the board for a period of nine consecutive years or more is eligible for nomination by the board to stand for re-election at a general meeting provided that he or she is still considered independent by the board.

Nominee evaluation process

The committee will consider as a candidate any director who has indicated his or her willingness to stand for re-election and any other person who is recommended by any shareholders. The committee may also undertake its own search process for candidates and may retain the services of professional firms or other third parties to assist in identifying and evaluating potential nominees. The committee may use any process it deems appropriate for the purpose of evaluating candidates which is consistent with those set forth in its terms of reference, the Company's articles of association, the corporate governance policy and the policy described herein; provided that the process used for evaluating a nominee for each election or appointment of directors shall be substantially similar and under no circumstances shall the committee evaluate nominees recommended by a shareholder pursuant to a process that is substantially different than that used for other nominees for the same election or appointment of directors.

Corporate Governance Report

Board Committees *(continued)*

The nomination committee *(continued)*

Nomination procedures

1. The secretary of the committee shall call a meeting of the committee, and invite nominations of candidates from board members, if any, for consideration by the committee prior to its meeting. The committee may also put forward candidates who are not nominated by board members.
2. For filling a casual vacancy, the committee shall make recommendations for the board's consideration and approval. For proposing candidates to stand for election at a general meeting, the committee shall make nominations to the board for its consideration and recommendation.
3. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the board to stand for election at the general meeting.
4. In order to provide information of the candidates nominated by the board to stand for election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), and any other information, as required pursuant to applicable laws, rules and regulations, of the proposed candidates.
5. A shareholder can serve a notice to the company secretary within the lodgement period of its intention to propose a resolution to elect a certain person as a director in accordance with the relevant procedures posted on the Company's website. The particulars of the candidates so proposed will be provided to all shareholders for information by way of announcement and/or supplementary circular.
6. A candidate is allowed to withdraw his or her candidature at any time before the general meeting by serving a notice in writing to the company secretary.
7. The board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.
8. Shareholder proposed resolutions shall take the same form as the resolutions proposed for the candidates recommended by the board.

During the year, the nomination committee held a meeting in January 2025 to review the structure, size and composition including the diversity, skills and experience of board members and independence of independent non-executive directors, and to consider the suitability of those retiring directors standing for re-election at the next annual general meeting as well as the need for a director succession plan. The committee also discussed its proposed composition ahead of the Listing Rule updates coming into effect on 1 July 2025. The committee further reviewed the nomination policy and the board diversity policy and discussed the objectives set for implementing the latter policy, and noted that those objectives had been achieved.

Company Secretary

During the year and up to the date of this report, the company secretary of the Company had been a full-time employee and complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

Corporate Governance Report

Securities Transactions by Directors and Relevant Employees

Directors' dealings are governed by a code adopted by the Company (the "Securities Code") (of which the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix C3 to the Listing Rules as amended from time to time (the "Model Code") forms part). Each director will be given a copy of the Securities Code at the time of his or her appointment and a copy of the revised Securities Code in a timely manner. Directors will be notified in advance of the commencement of each period during which they are not allowed to deal in the Company's securities with reminders of their obligations under both codes.

In response to a specific enquiry by the Company, all directors confirmed that they had complied with the required standard set out within the Model Code and the Securities Code throughout the year.

The Company has also adopted a code for relevant employees regarding securities transactions on terms no less exacting than the Model Code. Relevant employees will be notified in advance of the commencement of each period during which they are not allowed to deal in the Company's securities with reminders of their obligations under the code.

Directors' Responsibilities for Preparing Financial Statements

The directors are responsible for preparing the accounts. The board seeks to give a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules. It also does so for reports to regulators and information disclosed under statutory requirements.

The directors are also responsible for the integrity of financial information and for ensuring its timely disclosure. Arrangements are made which will allow them to be satisfied that the accounts are true and fair, which accurately disclose the financial position of the Company and comply with statutory requirements and applicable accounting standards.

Risk Management and Internal Control

The board is responsible for ensuring that the Group maintains appropriate and effective risk management and internal control systems (the "systems") to safeguard shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities. The Company has in place a risk management structure, comprising the board, the audit committee, the internal audit function and management. The board evaluates and determines the nature and extent of the risks (including ESG risks) that should be taken in achieving the Company's strategic objectives, and oversees management in the design, implementation and monitoring of the systems, through the audit committee and the internal audit function, and management provides a confirmation to the board on the system effectiveness.

While acknowledging responsibility for the systems and for reviewing their effectiveness, the board recognises that they are designed to assist the Company in managing, rather than eliminating, the risk of failure to achieve its business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system review is an ongoing process, being conducted in turn by management, by the internal audit function and the audit committee, and, ultimately, by the board. Each year, the audit committee receives three internal audit reports and a management report with respect to the operational aspects of internal controls over the areas of key risk identified. Any material internal control defects, and recommendations for resolving the defects, are identified and made to the board as appropriate. Based on those reports, the audit committee conducts relevant review and reports to the board, highlighting any areas where action or improvement is needed. The board reviews the effectiveness of the systems, taking into account the views and recommendations of the audit committee, and reports to shareholders by way of disclosure in this report.

Corporate Governance Report

Risk Management and Internal Control *(continued)*

Using the above process, the board scheduled a meeting in December 2025 and an additional meeting in March 2026 to review the systems for the nine months ended 30 September 2025 and for the year respectively. The review covered all material controls, including financial, operational and compliance controls, and gave particular consideration to the items under D.2.2, D.2.3 and D.2.4 of the CG Code. They are: the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions and ESG performance and reporting; the changes in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes to its business and the external environment; the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and the work of its internal audit function; the extent and frequency of communication of monitoring results to the audit committee; significant control failings or weaknesses and their impacts on the Company's financial performance or condition; and the effectiveness of the Company's processes for financial reporting and Listing Rule compliance. There were no significant control failings or weaknesses identified and no significant areas of improvement or modification which needed to be brought to the attention of the board and the audit committee. Moreover, no significant changes in the assessment of risks (including ESG risks) and the systems since last annual review. The board was of the view that appropriate and effective risk management and internal control systems, in particular, the items under D.2.2, D.2.3 and D.2.4 of the CG Code, were in place and maintained properly throughout the year; and no action or improvement was needed.

The Company's process for identifying, evaluating, and managing significant risks, as well as the main features of the systems, are described in the sub-section headed "Risk management process" below. In addition, the Company has adopted procedures and internal controls governing the handling and dissemination of inside information, as described in the sub-section headed "Handling and dissemination of inside information" below.

The risk management process and the procedures and internal controls for the handling and dissemination of inside information were in place throughout the year and up to the date of this report.

Risk management process

The board acknowledges that a robust risk assessment process provides a reliable basis for determining appropriate risk responses. The major business segments of the Group (namely, motoring school operation, electronic toll operation and treasury management business) have different risk profiles to varying extents. The risk tolerance levels of individual business segments on the same risk elements and the respective risk responses for bringing the level of risk exposure down to their defined risk tolerance levels may also differ. Though the board is responsible for identifying and assessing risks of a more macro and strategic nature, management seeks to have risk management features embedded in business operations as well as in functional areas such as legal, finance, human resources and technology. In this way, a more practical approach of risk management on a day-to-day basis is adopted by the individual business segment.

The risk management process includes the establishment of risk context (strategic, organisational and operational), the identification of risk factors, the analysis and evaluation of risk levels based on the defined rating criteria (which is to say, to assess the likelihood of occurrence and the significance of the impact of such risks on the performance or achievement of the objectives such as maximising revenue), prioritisation of risk factors, selection and implementation as well as evaluation of the control mechanisms/activities which contribute to mitigating the risk of business disruptions or non-compliance with applicable rules and regulations. The management of various business segments are delegated to perform risk assessment by reviewing and updating their respective risk profiles. The scope of such review covers risk groups including strategic, compliance, operations, financial and ESG (including climate-related) risks, which are further divided into various risk categories, risk titles and descriptions. Since the risk profile of each individual business segment may be valid for only a certain period of time, the management of the respective business segments are responsible for monitoring any change in the risk items as well as the effectiveness of the related control mechanisms and/or control activities by conducting reviews on the overall risk profile on a regular basis.

The board, together with the audit committee and the internal audit function, regularly assesses the effectiveness of the systems established and maintained by management and ensures that management has performed its duty to have effective systems.

Risk Management and Internal Control *(continued)*

Approval and oversight mechanisms

The executive committee is vested with the powers and authorities of the directors under the articles of association of the Company (or subject to specified exceptions) to assist the board in directing and supervising the Company's affairs, including but not limited to making investment decisions.

The executive committee, comprising the Company's executive directors, possesses the requisite expertise to make informed investment decisions. The executive committee's collective strength lies in its diverse and extensive experience across investment management, business operations, and corporate leadership, averaging over 20 years. This is further reinforced by specialised backgrounds in government and property development, as well as CPA qualifications, ensuring a rigorous and commercially sound approach to investment allocation.

All investments by the Group are evaluated on a case-by-case basis. Certain executive committee members serve as directors and/or authorised signatories or traders of the subsidiaries of the Company and are authorised for executing transactions. In respect of the investments constituting notifiable transactions under the Listing Rules, different teams of the Group will prepare the size tests and the project report. After conducting risk assessments, the investments will be approved by the executive committee, which is vested with the powers and authorities of the directors by the Company's articles of association subject to certain exceptions. A copy of the minutes of the executive committee will be circulated to the board for information at the next board meeting. Furthermore, the finance team of the Group will prepare a monthly/quarterly management report to the executive committee enabling them to monitor and review the Group's investments.

All members of the board will be provided with monthly updates on the latest information and financial position of the Group, enabling them to make a balanced and informed assessment of the Group's performance, position and prospects.

Executive committee meetings are held monthly to review the financial performance of the major business segments of the Group. Certain members of the committee also attend management meetings of the business segments.

As part of the Company's ongoing monitoring responsibilities, the executive committee reviews the assessment on the Group's investment portfolio monthly. The assessment includes an analysis of investment portfolio across various investment types, covering, among other things, the financial positions of the unlisted funds and listed equity securities. The executive committee also reviews the investment performance to ensure it aligns with the Company's investment objective and supports its long-term strategic process. Details of which are covered in the section headed "Chairman's Statement" on pages 2 to 5.

The committee examines performance trends and contribution of key investments. During the executive committee meetings, the committee addresses the assessment benchmarks, such as investment income and fair value changes compared to the previous year, which are thoroughly covered in the section headed "Management Discussion and Analysis" on pages 8 to 17.

Corporate Governance Report

Risk Management and Internal Control *(continued)*

Handling and dissemination of inside information

The board is responsible for ensuring the Group's compliance with its disclosure obligations regarding inside information and has appointed a disclosure group with specific designated duties to assist it in, among other things, overseeing and co-ordinating the disclosure of inside information. The procedures and internal controls for the handling and dissemination of inside information are given in the policy (the "PSI Policy") adopted by the Company to ensure that it is able to meet relevant obligations under Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the "SFO"). The PSI Policy applies to the directors, officers and employees of the Group.

Under the PSI Policy, the Company must disclose inside information to the public by way of an announcement as soon as reasonably practicable unless the information falls within any of the safe harbours described under the SFO. Any director, officer or employee who becomes aware of a matter, development or event that he or she considers to be, or potentially to be, inside information shall report it promptly to the disclosure group. Before the relevant information is fully disclosed to the public, the disclosure group should take reasonable precautions to ensure that the information is kept strictly confidential. Where it is believed that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the information should be disclosed immediately to the public. If the disclosure group needs time to clarify the details of, and the impact arising from, an event or a set of circumstances before it is in a position to issue a full announcement to properly inform the public, the disclosure group should consider issuing a "holding announcement" which details as much ascertainable information of the subject matter as possible and sets out the reasons why a fuller announcement cannot be made. Following a holding announcement, the disclosure group should ensure that a full announcement is made as soon as reasonably practicable. In the event that confidentiality has not been maintained and it is not able to make a full announcement or a holding announcement, the disclosure group should consider applying for a suspension of trading in the Company's securities, subject to approval of the board, until disclosure can be made. All inside information related announcements must be properly approved by the board before publication, and all unpublished inside information must be kept in strict confidence until a formal announcement is made. The disclosure group must further ensure that access to unpublished inside information is given only to employees on a "need-to-know" basis for discharging their duties. Apart from reporting to the disclosure group, every director, officer or employee who possesses or has been given access to unpublished inside information must not disclose, discuss or share such information to or with any other parties within or outside the Group. The PSI Policy also sets out the criteria for advance disclosure of inside information to certain categories of people as may be necessary in the circumstances. In this case, the disclosure group should monitor the situation so that disclosure may be made as soon as reasonably practicable if there is any leakage of information.

Directors, officers and employees must refrain from dealing in the shares of the Company at any time when they are in possession of unpublished inside information. Securities dealings are governed by the securities codes applicable to directors and relevant employees (within the meaning of the CG Code), as described in the section headed "Securities Transactions by Directors and Relevant Employees" on page 34.

The Company has established (i) systems and measures that promote and support anti-corruption laws and regulations; and (ii) whistleblowing policy for employees and third parties to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matter relating to the Group.

Auditor's Remuneration and Auditor Related Matters

KPMG were remunerated a total of HK\$3,450,000 for services rendered to the Group, of which HK\$2,807,000 were audit fees and HK\$643,000 were fees for interim review and other insignificant non-audit services for the year. The provision of the above non-audit services by KPMG did not, in the opinion of the audit committee, compromise their independence.

Diversity

The Company has adopted a board diversity policy setting out the approach to achieve and maintain a diverse board to enhance its effectiveness. Board diversity ensures the board has appropriate balance and level of skills, experience and perspectives required to support the execution of the Company's strategies.

The board sets measurable objectives on selection of candidates based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and proposed length of service with the Company. These elements have incorporated into the current composition of the board. The Company will also take into consideration factors based on its strategy, business operations and needs from time to time in determining the board's composition.

The nomination committee will monitor the implementation of, and review, as appropriate, the board diversity policy and make recommendations on any revisions that may be required to the board. The board will also review the implementation and effectiveness of this policy on an annual basis.

The Company currently has one female director, and the board will endeavour to maintain female representation on the board and take opportunities to balance the proportion when suitable candidates are identified.

The Company recognizes the importance of having a diverse board and workforce to strengthen the Company's strategic objectives in enhancing good corporate governance and attracting and retaining talents for the Group. It has also adopted a workforce diversity policy providing a framework to effectively embed and support a diverse workforce and inclusive workspace for all employees. As at 31 December 2025, the male-to-female ratio of the senior management was 5:1 (83.3% male, 16.7% female) and that of the workforce (excluding the senior management) was 483:171 (73.9% male, 26.1% female).

The board will from time to time review these policies and monitor their implementation to ensure continuous effectiveness and compliance with the relevant regulatory requirements and good corporate governance practices.

Shareholders' Rights

The Company must hold its annual general meeting in respect of each financial year in every calendar year. The following procedures governing the rights of shareholders are subject to the articles of association of the Company, the Companies Ordinance (Cap. 622) and applicable legislation and regulations.

Procedures to convene a general meeting

1. Shareholders representing at least five per cent (5%) of the total voting rights of all the shareholders having a right to vote at general meetings of the Company may request the directors to call a general meeting.
2. A request, which must state the general nature of the business to be dealt with and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting, must be signed and be deposited at the registered office of the Company for the attention of the company secretary. The request may consist of several documents in like form, each signed by one or more of the shareholders concerned.
3. If the directors do not within twenty-one (21) days after the date on which the request is received by the Company proceed duly to call a general meeting for a date not more than twenty-eight (28) days after the date of the notice convening the meeting, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a meeting for a date not more than three (3) months after the date of receipt of the request by the Company.
4. The meeting so requested by shareholders must be called in the same manner, as nearly as possible, as that in which that meeting is required to be called by the directors, and any reasonable expenses incurred by the shareholders must be reimbursed by the Company.
5. A general meeting (other than an adjourned meeting) must be called by notice in writing of, in the case of an annual general meeting and a meeting called for the passing of a special resolution, at least twenty-one (21) days; and in any other case, at least fourteen (14) days. A meeting may be convened by shorter notice if it is so agreed in writing by all shareholders.

Corporate Governance Report

Shareholders' Rights *(continued)*

Procedures to put enquiries to the board

Shareholders may at any time send enquiries to the board via the registered office of the Company or via investors@ch.limited. The company secretarial or investor relations personnel will, where appropriate, forward the relevant enquiries to the board or the board committee(s). For enquiries concerning shareholdings and related matters, they should call or visit the Company's share registrar and transfer office.

Procedures to put forward proposals at general meetings

1. In addition to the right to request directors to call a general meeting, shareholders representing at least five per cent (5%) of the total voting rights of all the shareholders having a right to vote at general meetings may request the Company to circulate a resolution that may properly be moved and is proposed as a written resolution and further, to circulate with the resolution a statement of not more than one thousand (1,000) words on the subject matter of the resolution. Each shareholder may only request the Company to circulate one such statement with respect to the resolution.
2. A shareholder may also request the Company to circulate, to shareholders entitled to receive notice of a general meeting, a statement of not more than one thousand (1,000) words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting provided that the power to request circulation is restricted to one statement each. The Company is required to circulate the statement if it has received requests to do so from shareholders representing at least two point five per cent (2.5%) of the total voting rights of all the shareholders who have a relevant right to vote; or at least fifty (50) shareholders having that same right.
3. A request, identifying the resolution of which notice is to be given, must be signed and be deposited at the registered office of the Company for the attention of the company secretary not later than six (6) weeks before the annual general meeting to which the request relates; or if later, not later than the time at which notice is given of that meeting. The Company shall circulate the resolution at its own expense to all shareholders.
4. A shareholder who wishes to propose a person (other than a retiring director and any person recommended by the directors for election) for election as a director at a general meeting must give notice in writing of such intent and notice in writing by that person and accompanying personal information, being information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, must also be given to the Company at its registered office for the attention of the company secretary not earlier than the day after the dispatch of the notice of the general meeting appointed for such election and not later than seven (7) days prior to the date of such meeting. The first notice must be signed by the shareholder concerned and the second notice, indicating willingness to be elected and consent to publication of his or her personal information, must be signed by that person being proposed for election.

Note: In order to give shareholders sufficient time to consider the election of the proposed person as a director without adjourning the meeting, the shareholder making the proposal is urged to submit or procure the submission of the required notices and information as early as practicable, preferably not later than fourteen (14) business days before the date of the relevant general meeting.

Corporate Governance Report

Dividend Policy

The Company aims to maintain a steady return to its shareholders and at the same time a strong financial position in pursuing investment opportunities in the future. At present, the Company maintains to pay dividend four times (quarterly) a year.

All dividend decisions made by the board are made in accordance with the Company's dividend policy. The following are the factors for determining the declaration or recommendation of dividend:

- (a) Requirements of the Companies Ordinance and all applicable laws and regulations
- (b) Requirements of the constitutional documents of the Company
- (c) Capital, retained earnings, and distributable reserves of the Group
- (d) Actual and expected financial performance and position of the Group (including but not limited to operating cash flows, working capital, liquidity and gearing position)
- (e) The Group's capital expenditure requirements, and business conditions and strategies
- (f) Prospects and other internal or external factors that may have an impact on financial position of the Group
- (g) Any contractual restrictions imposed on the payment of dividends
- (h) Other factors that the board may deem relevant and/or appropriate

Investor Relations

Constitution documents

No significant changes to the Company's articles of association were made during the year.

Shareholders' communication policy

General policy

1. The board shall maintain an on-going dialogue with shareholders and potential investors, and will regularly review the policy to ensure its effectiveness.
2. Information shall be communicated to shareholders and potential investors mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available its corporate communications, announcements and other publications by way of which disclosure is made pursuant to the Listing Rules by including them on the Exchange's website and the Company's website.
3. Effective and timely dissemination of information to shareholders and potential investors shall be ensured at all times.

Corporate Governance Report

Investor Relations *(continued)*

Shareholders' communication policy *(continued)*

Communication channels

1. Shareholders should direct questions concerning shareholdings and matters such as change of name or address, loss of share certificates or dividend warrants, to the Company's share registrar & transfer office.
2. General enquiries may be addressed to the Company Secretarial Department or the Investor Relations Department (if applicable) of the Company.
3. A dedicated investor relations section is available on the Company's website at www.ch.limited.
4. Shareholders are encouraged to attend general meetings or to appoint a proxy to attend and vote on their behalf if they are unable to attend.
5. Board members will attend annual general meetings to develop a balanced understanding of the views of shareholders. The chairman of the board and of each board committee (or another member of the relevant board committee or failing this, his/her duly appointed delegate), appropriate management executives and external auditors will answer questions at the annual general meeting.

The board reviewed the policy during the year and considered it effective, taking into account the existence of multiple communication channels in place and receiving no negative feedback from shareholders or potential investors.

Shareholder engagement

The Company held an annual general meeting on 19 May 2025 (the "2025 AGM"). All directors in office on the meeting date, including the chairman of the board, the chairmen of the audit committee and other board committees, attended the 2025 AGM physically along with key senior executives and the external auditor, and answered questions raised by shareholders at the meeting. All the resolutions proposed at the 2025 AGM were passed and the poll results are available on the websites of the Company and the Exchange.

Conclusion

In the opinion of the board, good governance was maintained throughout the accounting period covered by the annual report. The Company shall keep its governance practices under review to ensure that they are in step with the latest developments.

Environmental, Social and Governance Report

Introduction

We are pleased to present our annual Environmental, Social and Governance (“ESG”) report. This report provides an update on the ESG performance of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2025 (the “Reporting Period” or “2025”), and has been prepared in compliance with the Main Board Listing Rules and the ESG Reporting Code in Appendix C2 to those Rules.

Reporting Boundary

The Company identifies the reporting scope of this report by considering its main revenue source. This report covers the Group’s operations, including those primarily engaged in driving school operation (the “Motoring Group”) and treasury management, which together represent 100% of the Group’s total revenue. There is no significant change in the scope of this report from that of the last report.

Governance Structure

We believe ESG is one of the key elements to achieving continuing success. The Group has adopted a comprehensive policy (the “CSR Policy”) that underlines our obligations toward sustainable development and social responsibility. The CSR Policy guides our businesses and operational decisions across four focus areas: workplace, operating practices, community and environment.

The board takes leadership for and accountability in:

- Overseeing the assessment of the Group’s ESG impacts.
- Understanding the potential impact and related risks of material ESG (including climate-related) issues on the Group’s operating model.
- Aligning with stakeholder expectation and requirements.
- Enforcing a materiality assessment and reporting process to ensure effective implementation.
- Promoting a top-down culture that integrates ESG considerations into business decision-making.

The ESG issues identified are important component of our overall strategy, including risk management. The risk management and internal control systems set up by the Company are described in the Corporate Governance Report. The board, with support from senior executives, carries out the following ESG functions: (i) to develop ESG management approach, strategies, policies, objectives, goals and targets, and priorities; (ii) to review and monitor the Group’s performance against ESG-related goals and targets; and (iii) to review compliance with the ESG Reporting Code and disclosures in the ESG report. Senior executives in turn implement the Group’s ESG policies, practices and performance to ensure regulatory compliance. In discharging their duties, the senior executives assist the board in maintaining a transparent and an effective communication with various stakeholders, in identifying and assessing ESG (including climate-related) risks, in assessing the effectiveness of the ESG internal control mechanism, and in monitoring and responding to the increasingly emerging ESG-related (including climate-related) issues. They also make recommendations to the board for improving the overall ESG performance of the Group as appropriate.

Environmental, Social and Governance Report

Governance Structure *(continued)*

In 2025, the Group conducted an ESG priority assessment exercise. Taking into consideration the Group's operations and sustainability trends, material ESG-related issues were identified and incorporated into the exercise so that an in-depth understanding of stakeholders' opinions and expectations towards the Group's sustainability performance and strategies was attained.

In response to the Government's climate action plan that calls for carbon neutrality by 2050, the Group has increased its efforts in accelerating low-carbon transition. This includes setting up a dedicated team to identify climate impact and solutions, focusing on the ways to reduce our greenhouse gas ("GHG") emissions in the environment. Further, to provide a roadmap for decarbonising our operations, new targets for GHG emissions were set up. Together with our commitment to energy saving, water efficiency and waste reduction, such initiative shows our staunch support for environmental protection.

During the year, the board has delegated the authority to senior executives to gather ESG data, monitor and analyse its performance, and evaluate the Group's progress made against ESG-related goals and targets. Through regular reports from senior executives, the board has confirmed that the progress towards the targets has been satisfactory and expects steady progress to continue.

Reporting Principles

Materiality: This report adopts the materiality principle and is structured in terms of the materiality of each ESG topic, as determined by the materiality assessment conducted in 2025. The findings have been duly considered by senior management and confirmed by the board. Please refer to the sections headed "Materiality Assessment" and "Stakeholder Engagement".

Quantitative: This report has been prepared in accordance with the ESG Reporting Code and discloses key performance indicators ("KPIs") in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation references and sources of key conversion factors used for KPIs is stated wherever appropriate.

Consistency: Unless otherwise stated, the methods or KPIs used in this report are consistent with those used in the last report. Where there is change to the scope or to those methods or KPIs that may affect a meaningful comparison, it will be accompanied by explanatory notes.

This report has been reviewed and approved by the board which has made every endeavour to ensure the accuracy and reliability of the information presented in this report.

Materiality Assessment

The board and management have participated in the preparation of this report. In doing so, management reviewed the Group's operations, identifying key ESG issues and evaluating the impacts of those issues on its business and stakeholders and reporting them to the board. A materiality assessment has been done in this regard to identify those ESG topics that have the most significant impact on the Company and its stakeholders.

The Group has prioritised those ESG topics for better strategic planning and resource allocation. The topics under the category of "Highly Important" in the following table have been identified as those that matter most to the Group's business operations and its stakeholders. By acknowledging stakeholder expectations, the Group demonstrates its commitment to continuous improvement in ESG performance.

Environmental, Social and Governance Report

Materiality Assessment *(continued)*

A summary of the material ESG aspects of the Group is given below.

Moderately Important	Important	Highly Important
<ul style="list-style-type: none"> Waste management Water management Supply chain management Reasonable marketing and promotion Community investment 	<ul style="list-style-type: none"> GHG emissions and control Energy efficiency Climate change mitigation and adaptation Employment practices Employee development and training Protection of customer privacy and intellectual property 	<ul style="list-style-type: none"> Occupational health and safety Labour standards Customer satisfaction Product and service quality Compliance management and integrity construction

Stakeholder Engagement

The Group has been committed to maintaining a good relationship with its stakeholders and to working towards the goal of sustainable development. Stakeholder engagement is a key part of the management's strategy to identify and manage issues that are most material to stakeholders and most relevant to the Group's business. In order to better understand stakeholders' expectations, identify material issues and assess the effectiveness of our sustainability measures, we maintain regular contact with stakeholders by utilising the diversified engagement methods and communication channels listed below.

Stakeholders	Expectations	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> Corporate governance Compliance operations Information disclosure and transparency Protection of shareholders' interests Investment returns 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars Company website and email
Customers	<ul style="list-style-type: none"> Reasonable price Product/service quality Customer privacy protection Business integrity and ethics 	<ul style="list-style-type: none"> Customer support hotline and email Media Personal contact Satisfaction survey
Employees	<ul style="list-style-type: none"> Career development opportunities Occupational health and safety Remuneration and benefits Work environment 	<ul style="list-style-type: none"> Trainings, seminars and briefing sessions Staff appraisals Cultural and sports activities Intranet and emails
Suppliers and partners	<ul style="list-style-type: none"> Fair tendering Business ethics and reputation Long-term partnership 	<ul style="list-style-type: none"> Business meetings, emails and phone calls Review and assessment Regular meetings
Regulatory bodies and government authorities	<ul style="list-style-type: none"> Corporate governance system Compliance operations Information disclosure and transparency Implementation of policies Payment of tax 	<ul style="list-style-type: none"> Compliance advisor On-site inspections Financial reports Website Legal advisor
Community, non-governmental organisations and media	<ul style="list-style-type: none"> Giving back to society Environmental protection Social welfare Occupational health and safety Compliance operations 	<ul style="list-style-type: none"> Community activities ESG reports Media

Environmental, Social and Governance Report

Contact and Feedback

We welcome your feedback. If you have a suggestion or question, please send it by post or by email to the following addresses:

Office: 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Email: investors@ch.limited

A. Environmental

The Group is aware of the environmental impacts associated with its business and makes every endeavour to minimise the amount of air pollutants, GHG emissions, wastewater discharge and waste generated from its operations. To minimise their possible impacts on the environment, the Group has put great efforts into promoting environmental awareness among stakeholders, and its commitment in this regard can be seen in the sustainable practices advocated for in the office and workplace. The Group has formulated specific guidelines that cover four main areas into which those practices may fall: (1) emissions, (2) use of resources, (3) the environment and natural resources, and (4) climate change.

During 2025, the Group was not aware of any violation of laws and regulations that had a significant impact on it relating to air, exhaust gas and GHG emissions, sewage discharges into water and land, and generation of hazardous and non-hazardous wastes. Those laws and regulations include, among others, the Air Pollution Control Ordinance (Cap. 311), the Waste Disposal Ordinance (Cap. 354) and the Water Pollution Control Ordinance (Cap. 358).

A1. Emissions

Air Emissions

The Group's air emissions mainly come from the exhaust gas emissions generated by the consumption of petrol and diesel by the training vehicles of its Motoring Group. In this regard, the following measures have been taken:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption.
- Switch off the engine whenever the vehicle is idling.
- Regularly conduct vehicle inspection and maintenance to ensure optimal engine performance and fuel use.
- Use telephone/video conferencing for online presentations and meetings to substitute unnecessary overseas business trips.
- Encourage staff to use public transport when performing out-of-office duties.
- Adopt the use of ultra-low-sulphur diesel (ULSD) at development projects.

A summary of types of emissions and emissions data is given below.

		2024	2025
KPI – A1.1	Unit		
Nitrogen oxides (NOx)	kg	4,401	4,382
Sulphur oxides (SOx)	kg	17	16
Particulate matter (PM)	kg	404	405

Environmental, Social and Governance Report

A. Environmental *(continued)*

A1. Emissions *(continued)*

GHG Emissions

The major sources of the Group's GHG emissions are the direct emissions from petrol and diesel consumed by vehicles (Scope 1), energy indirect emissions from purchased electricity (Scope 2), and other indirect emissions from paper waste disposal and electricity used for processing fresh water and sewage by government departments (Scope 3). The Group has set a target to reduce GHG emissions intensity (tCO₂e/employee) by 3% in the next 5 years, using 2021 as the baseline year. To achieve this, measures have been taken and will be closely followed.

Recognising that the Motoring Group accounts for a significant part of the GHG emissions, which rest largely on the type and number of vehicles used, the Group has obliged its Motoring Group to be compliant with local laws and regulations and to take the following actions to better manage its GHG emissions:

- Monitor vehicles' emissions performance.
- Comply with the Group's emission control practices which are described in the section headed "Air Emissions" under this aspect.

The Group embraces the promotion of green practices and has further adopted the following measures in its day-to-day operations:

- Post green information in office areas to raise employees' awareness and promote best environmental management practices.
- Implement fleet management measures which are described in the section headed "Air Emissions" under this aspect.
- Implement energy and water conservation measures which are described in the sections headed "Energy Management" and "Water Management" respectively under aspect A2.

During 2025, the Group emitted a total of approximately 3,516.49 tCO₂e of GHG with an intensity of approximately 5.33 tCO₂e/employee. In 2025, GHG emissions intensity decreased by 2% compared with 2024, mainly driven by changes in total GHG emissions and headcount.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A1. Emissions *(continued)*

GHG Emissions *(continued)*

A summary of the GHG emissions of the Group is given below.

		2024	2025
KPI – A1.2	Unit ^{Note 1}		
Direct GHG emissions (Scope 1)	tCO ₂ e		
<ul style="list-style-type: none"> Petrol consumed by vehicles Diesel consumed by vehicles 		2,998.22	2,922.18
Indirect GHG emissions (Scope 2)	tCO ₂ e		
<ul style="list-style-type: none"> Purchased electricity 		661.46	564.61
Indirect GHG emissions (Scope 3)	tCO ₂ e		
<ul style="list-style-type: none"> Electricity used for processing fresh water and sewage by government departments Paper waste disposed at landfills 		52.99	29.70
Total GHG emissions	tCO ₂ e	3,712.67	3,516.49
GHG emissions intensity	tCO ₂ e/ employee	5.44	5.33

Notes:

- GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report- Appendix 2: Reporting Guidance on Environmental KPIs” issued by The Hong Kong Stock Exchange, the “Global Warming Potential Values” from the IPCC Sixth Assessment Report, 2020 (AR6), the latest Sustainability Report published by the Hongkong Electric Company and CLP Power Hong Kong Limited.
- As at 31 December 2025, the Group’s total headcount within the reporting scope of this report was 660 (2024: 682). This data is also used for calculating other intensity data in this report.

Emission Targets (KPI – A1.5)

The Group will endeavour to reduce the emissions within KPIs A1.1 and A1.2 compared with the baseline year and has taken the following steps to achieve emission targets:

- In the procurement process for vehicles, explore a wide range of eco-friendly vehicles to reduce emissions whenever practicable.
- Give priority to products of local suppliers whenever practicable to reduce delivery distance and associated emissions.
- Reuse envelopes and reduce printing paper consumption by using computers to send and receive documents as far as practicable.
- Enhance light management so that lighting is turned off when not required or when rooms are not occupied.
- Replace incandescent light bulbs with compact fluorescent or LED lighting.
- Apply thermostat control to set air-conditioner temperature at an appropriate level.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A1. Emissions *(continued)*

Waste Management

Hazardous Wastes

Although the amount of hazardous wastes accounts for only a relatively small percentage of the total waste produced in 2025, the Group understands their potential adverse impact on the environment and hence takes all necessary actions to handle and manage them properly. In particular, the Group ensures that the Motoring Group disposes of its hazardous wastes in a lawful manner by engaging licensed waste collectors. The Group aims to continuously reduce the adverse impacts arising from the generation of hazardous wastes.

The Group has formulated guidelines to govern the management and disposal of hazardous wastes. Employees are reminded to print less to save ink or toner so as to minimise the generation of hazardous wastes, among others. As mentioned above, the Group engages a licensed waste collector and ensures that its handling of hazardous wastes is fully compliant with applicable environmental rules and regulations.

During 2025, the amount of hazardous wastes generated by the Group is as follows.

		2024	2025
KPI – A1.3	Unit		
Total hazardous waste produced	tonnes	5.97	6.56
Hazardous waste intensity	tonnes/employee	< 0.01	< 0.01

Reduction Targets – Hazardous Wastes (KPI – A1.6)

The Group continued to drive the amount of hazardous wastes below the result of the baseline year and has taken the following steps to achieve reduction targets:

- Car washing is carried out at designated location with proper sewage system.
- Biodegradable and non-poisonous cleaning detergents are used.
- Used lamps are properly collected and disposed of to avoid contamination, as lamps contain metal, glass and tiny amount of mercury which is a toxic substance.

Non-hazardous Wastes

The non-hazardous wastes generated by the Group were mainly general waste and office paper. The Group has set a target to reduce the non-hazardous waste intensity by 3% in the next 5 years, using 2021 as the baseline year. The Group will continue to make great efforts in this regard.

The Group applies the 3R principles to reduce, reuse and/or recycle in its waste management initiatives. The following measures have been adopted on the premises of driving schools:

- Avoid overstocking of materials through proper inventory planning and management.
- Store and handle materials in a manner to prevent deterioration and damages.
- Encourage the reuse of materials wherever possible.
- Monitor performance on waste management through non-periodical inspections.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A1. Emissions *(continued)*

Waste Management (continued)

Non-hazardous Wastes (continued)

In order to effectively manage and reduce office waste, the Group has begun to instil environmental awareness among its employees. Specifically, the Group promotes the following practices:

- Encourage staff to participate in the recycling of general solid waste and paper by installing the recycling facilities in the office.
- Promote the use of green stationery such as refillable ball pens and mechanical pencils where applicable.
- Reuse tableware, cutlery, cups and glasses to reduce the use of disposable eating utensils.
- Serve drinks with teapots and cups/glasses instead of bottled water at meetings to reduce plastic wastage.
- Formulate paper-saving initiatives which are described in the section headed “Paper Management” under aspect A2.

During 2025, the Group produced a total of 397.77 tonnes of non-hazardous wastes with an intensity of 0.60 tonnes/employee. The Group will continue to monitor its performance and review the progress made against targets in the coming years.

During 2025, the amount of non-hazardous wastes generated by the Group is as follows:

		2024	2025
KPI – A1.4	Unit		
Total non-hazardous waste produced	tonnes	386.47	397.77
Non-hazardous waste intensity	tonnes/employee	0.57	0.60

Reduction Targets – Non-hazardous Wastes (KPI – A1.6)

The Group continued to drive the amount of non-hazardous wastes below the result of the baseline year and has taken the following steps to achieve reduction targets:

- Mobile applications are used to replace over-the-counter services in order to reduce consumption of paper required for printing records and customer survey forms.
- Email and USB storage tools are used to reduce consumption of printing paper.
- Source separation of wastes at workplace is implemented.
- QR codes built inside the driving school’s mobile application are used to replace physical RFID cards to record lesson attendance.
- iPads are used to complete student questionnaires instead of using paper.
- Cloud web servers are adopted instead of purchasing our own hardware, thus reducing the generation of waste.
- Recyclable drinking straws are adopted in canteen to reduce non-degradable waste.

Sewage Discharge

The Group does not consume a significant volume of water through its business activities and hence no significant portion of discharge into water is generated. Since the sewage discharged by the Group is discharged into the municipal sewage pipe network, the amount of sewage discharge is considered as the water consumed. Such amount, together with water-saving initiatives, is given in the section headed “Water Management” under aspect A2.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A2. Use of Resources

Energy Management

The energy consumed by the Group during 2025 was mainly petrol and diesel used for driving training and the electricity consumed in daily operations. The Group strives to minimise the environmental impacts of its operations by introducing various initiatives for energy conservation. The Group has set a target to reduce the energy consumption intensity by 3% in the next 5 years, using 2021 as the baseline year. The Group will conduct regular performance reviews to seek continuous improvement.

The Group adopts resource efficiency and eco-friendly initiatives to optimise electricity consumption. The following energy-saving measures have been implemented:

- Use energy-saving features of electrical appliances and office equipment, such as adopting the “sleep or standby mode” when the computer is idle.
- Serve reminders by affixing conspicuous “save energy” labels near the power switches of printing equipment, and information and communications technology equipment. The situation is monitored periodically by designated staff.
- Carry out regular checking and cleaning of office equipment.
- Arrange maintenance or procure timely replacement of deteriorated or aged parts of office equipment to reduce power loss due to malfunction and component failure.
- Encourage the use of stairs instead of elevators for inter-floor traffic.
- Encourage staff participation in energy-saving campaigns.

During 2025, the Group consumed in a total of 12.27 million kWh of energy with an intensity of 18.59 MWh/employee. The Group will continue to monitor its performance and review the progress made against targets in the coming years.

A summary of the energy consumption of the Group is given below.

		2024	2025
KPI – A2.1	Unit		
Direct energy consumption	'000 kWh		
<ul style="list-style-type: none"> • Petrol consumption • Diesel consumption 		11,297	10,784
Indirect energy consumption	'000 kWh		
<ul style="list-style-type: none"> • Purchased electricity 		1,532	1,486
Total energy consumption	'000 kWh	12,829	12,270
Energy consumption intensity	'000 kWh/employee	18.81	18.59

Environmental, Social and Governance Report

A. Environmental *(continued)*

A2. Use of Resources *(continued)*

Energy Management *(continued)*

Energy Use Efficiency Targets (KPI – A2.3)

The Group will endeavour to improve the energy usage efficiency to achieve the same or even higher level of business output compared to the baseline year and has taken the following steps to achieve energy use efficiency targets:

- Environmental awareness and cultural change among employees are promoted so as to complement other elements of good practices as part of an integrated approach to our environmental management in the Group.
- Fluorescent lamps, especially compact fluorescent lamps (CFLs), or LED lamps are used to reduce electricity consumption and greenhouse gas emission.
- The installation of solar panels on the premises for storing solar energy is under consideration.
- Driving instructors and students are encouraged to turn off the air-conditioner of vehicle when the ambient temperature is lower than 22°C and lower the windows of the vehicle for better ventilation.
- Online orientation lectures, which are accessible through the driving school's mobile application, are introduced to reduce the need for students to attend the lectures in the driving school premises. It saves the travelling time of students and reduces the consumption of electricity due to the use of air-conditioning and lighting in lecture rooms.
- Test confirmation letters are available electronically on the driving school's mobile application to further reduce paper consumption.
- Video conference meetings instead of face-to-face meetings are adopted as far as practicable. It saves the travelling time of participants and reduces the consumption of electricity due to the use of air-conditioning and lighting in meeting rooms.
- Online confirmations of extending course expiration dates and newly scheduled driving tests are adopted. It saves the travelling time of students to obtain the confirmations from the driving school.
- Electric vehicles are introduced for training purposes and the arrangement for orderly replacement of all fossil fuel training vehicles with electric vehicles is regularly reviewed in accordance with the relevant government policies. One of the driving schools has started trial operation of electric vehicle driving tests.

Water Management

Recognising that water is one of our most precious resources, the Group has been looking for ways to use water efficiently and put water saving a priority. The Group has set a target to reduce water consumption intensity by 3% in the next 5 years, using 2021 as baseline year. To achieve this, the Group will endeavour to reduce unnecessary water consumption through careful planning and close monitoring.

The Group actively promotes change in water conservation behaviour. In doing so, the following water saving efforts have been taken at the office premises and driving schools:

- Serve reminders by affixing conspicuous "save water" and "protect our natural environment" labels near water taps.
- Shut off the main water supply to the area concerned after office/operating hours.
- Notify the responsible personnel of any leaking water taps or pipes for repair to avoid wastage of water.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A2. Use of Resources *(continued)*

Water Management *(continued)*

- Use dual-flush toilets.
- Use faucets and urinals with infrared sensors where possible.
- Procure staff to inspect the water supply system to ensure no leakage on a regular basis.

During 2025, the Group consumed a total of 6,711 m³ of water with an intensity of 10.17 m³/employee. The Group will continue to monitor its performance and strengthen water-saving measures in the coming years.

A summary of the water consumption of the Group is given below.

		2024	2025
KPI – A2.2	Unit		
Annual water consumed	m ³	16,223	6,711
Water consumption intensity	m ³ /employee	23.79	10.17

Water Efficiency Targets (KPI – A2.4)

Due to the nature of the business, the Group did not have any issues in sourcing water fit for purpose during 2025.

The Group continued to ensure efficient use of water for business operation and to keep reducing water consumption to achieve the same or even higher level of business output compared to the baseline year. It has taken the following steps to achieve water efficiency targets:

- Automatic shut-off faucet equipment is installed in each driving school to improve water usage efficiency.
- Regular inspections and maintenance of the plumbing and flushing systems are carried out to ensure that they are kept in good condition.
- The Motoring Group has joined the scheme “Quality water recognition scheme for building – fresh water(plus)” organised by Hong Kong Standards and Testing Centre to ensure that the water supply systems are fully complied with the drinking water quality standards.

Paper Management

One of the Group’s most consumed materials is office paper. To minimise the use of paper, the Group advocates the concept of paperless office and the application of office automation. The following measures have been adopted by the Group in its daily operations:

- Communicate and share information by electronic means (e.g., via intranet, internet or email) as far as possible to minimise paper use.
- Use both sides of paper and reuse envelopes.
- Provide recycling bins near copiers and fax machines.
- Separate wastepaper into single-sided and used papers.

Use of Packaging Materials (KPI – A2.5)

Due to the nature of the business, the Group did not use any packaging materials during 2025.

Environmental, Social and Governance Report

A. Environmental *(continued)*

A3. The Environment and Natural Resources

Impacts on the Environment and Natural Resources (KPI – A3.1)

Although the activities of the Group have no significant impacts on the environment and natural resources, it recognises the impacts of its daily operations on the environment and is committed to conducting its activities in an environmentally responsible manner. To minimise such impacts, the Group has taken necessary measures to promote energy conservation, emission reduction and environmental protection. The Group will continue to promote environmental awareness amongst customers, employees, contractors, suppliers, business partners and other stakeholders as part of its waste reduction initiatives.

Green Workplace

The Group is also committed to providing employees with a green work environment to enhance work efficiency. The Group understands that changing habits and raising the environmental awareness of employees requires continuous efforts. To this end, posters with environmental protection tips and energy saving signs have been put up in office premises.

The Group further participated the Biz-Green Dress Day organised by the Hong Kong Green Building Council and the Construction Industry Council. This campaign advocated light and breathable outfits to work as to reduce the consumption of air-conditioning, achieve energy saving and reduce carbon emissions in the workplace.

The Group maintains a clean, tidy and hygienic office environment by regularly checking the conditions of each common area and workspace and identifying potential safety hazards and resolving them promptly.

B. Social

The Group recognises that people are its most valuable asset. Apart from a safe and healthy workplace, we offer a comprehensive remuneration and benefits package, training opportunities, equal opportunities and fairness at work as well as channels for communication for all. Team bonding activities and social events are arranged to foster a stronger sense of belonging among staff and to help create a friendly and harmonious work environment. Salaries are reviewed and adjusted at least yearly to ensure balancing pay for performance with shareholder alignment. The Group further recognises the importance of a sound, healthy stakeholder relationship in building its long-term success. To this end, senior management maintain effective communication and exchange ideas with stakeholders where appropriate.

B1. Employment

We strive to attract and retain talent and to reconcile economical imperatives with human well-being, with an aim to promote satisfaction, loyalty and commitment. The Group has adopted a Human Resources Practice Guide and Staff Handbook to govern, among others, the recruitment, promotion, discipline, working hours, leaves and other duties and benefits of employees. The level of employees' remuneration is reviewed and adjusted annually on a performance basis with reference to other factors such as the Group's operating results, inflation, and market and economic situation. In addition, a wide range of staff benefits, including medical insurance, retirement schemes, training subsidies and paid leaves, are provided; and social, recreational activities are arranged for employees to strike a work-life balance while fostering cohesion and team spirit among them. The Group respects cultural and individual diversity. We believe that no one should receive less favourable treatment on the grounds of age, race, ethnicity or nationality, gender, religion, marital status, disability or family status. At our workplace, opportunities for employment, training and career development are equally open to all staff members.

During 2025, the Group was not aware of any violation of employment laws and regulations that had a significant impact on it relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Environmental, Social and Governance Report

B. Social (continued)

B1. Employment (continued)

Below is a summary of the demographics of the total workforce of the Group by gender, employment type, age group, employment category and geographical region.

KPI – B1.1	2024		2025	
	No. of employee and % to total workforce		No. of employee and % to total workforce	
Total Workforce	682	100%	660	100%
By Gender				
Male	509	74.6%	488	73.9%
Female	173	25.4%	172	26.1%
By Employment Type				
Full-time	565	82.8%	567	85.9%
Part-time	117	17.2%	93	14.1%
By Age Group				
Under 30 Years Old	50	7.3%	43	6.5%
30 to 50 Years Old	358	52.5%	365	55.3%
Above 50 Years Old	274	40.2%	252	38.2%
By Employment Category				
Senior Management & Senior Executives	18	2.6%	19	2.9%
Supervisory Level	69	10.1%	64	9.7%
General Employees	595	87.3%	577	87.4%
By Geographical Region				
Hong Kong	680	99.7%	658	99.7%
Overseas	2	0.3%	2	0.3%

Recruitment, Promotion and Dismissal

The Group recognises the importance of attracting good talent. Employees are recruited via a robust, transparent and fair recruitment process. An employment decision is based on suitability of the candidate in terms of qualifications, personality and career goals regardless of race, gender, religion, physical disability, marital status and sexual orientation.

The Group offers career development opportunities for all through an open and fair assessment system. Employee performance is appraised at the end of each year or upon completion of probation. The appraisal serves as a basis for considering and determining salary increments, discretionary bonuses and promotions. The Group also prioritises hiring and promoting internally to motivate employees and boost retention.

Termination of all employment contracts is governed by an internal procedure to ensure that all dismissals are properly thought through and are compliant with relevant laws and regulations. The Group strictly prohibits all forms of unfair or unlawful dismissal.

Environmental, Social and Governance Report

B. Social (continued)

B1. Employment (continued)

Recruitment, Promotion and Dismissal (continued)

During 2025, the total employee turnover rate of the Group was approximately 16.06%. Below is a summary of the employee turnover rate by gender, age group and geographical region during 2025.

	2024	2025
KPI – B1.2	Turnover Rate (%)	Turnover Rate (%)
By Gender		
Male	18.66	15.37
Female	22.54	18.02
By Age		
Under 30 Years Old	46.00	30.23
30 to 50 Years Old	15.08	12.05
Above 50 Years Old	20.80	19.05
By Geographical Region		
Hong Kong	19.71	16.11
Overseas	0	0

Note: The employee turnover rate is calculated by dividing the number of employees in the specified category leaving employment during 2025 by the number of employees in the specified category as at 31 December 2025.

Remuneration and Benefits

To attract and retain talent, the Group offers an attractive and competitive remuneration package that includes medical insurance, retirement schemes, long service awards, training subsidies and paid leaves, among other benefits. Staff remuneration levels are determined with reference to individual performance and contributions in addition to other factors such as the Group's operating results, inflation, and market and economic situation.

Equal Opportunities, Diversity and Anti-discrimination

The Group respects cultural and individual diversity. The Group's supportive and inclusive culture allows people to connect and benefit from synergies. We believe that no one should receive less favourable treatment on the grounds of age, race, ethnicity or nationality, gender, religion, marital status, disability or family status. All staff have equal training, career development and employment opportunities. Any person found to have engaged in unlawful discrimination or harassment will be subject to disciplinary action and/or dismissal.

Work-life Balance

We care about the health and well-being of our employees and offer standard working hours and rest periods that are no less exacting than the local employment ordinance. Further, the Group arranges social and recreational activities to support a better work-life balance for its employees while fostering staff cohesion and team spirit.

Environmental, Social and Governance Report

B. Social *(continued)*

B2. Health and Safety

We understand that creating a workplace that promotes employee health and well-being is key to unlocking the talent pool. The Group is thus committed to providing and maintaining a safe, healthy and hygienic work environment. The Group has formulated health and safety rules and regulations, and employees are required to stringently abide by those rules and regulations at all times to avoid accidents and potential safety hazards.

During 2025, the Group was not aware of any violation of employment laws and regulations that had a significant impact on it relating to the provision of a safe work environment and protecting employees from occupational hazards. Those laws and regulations include, among others, the Occupational Safety and Health Ordinance (Cap. 509).

Occupational Health and Safety Measures (KPI – B2.3)

The Group pays special attention to occupational health and safety and updates its occupational disease prevention strategies to manage workplace hazards. In order to provide a clean, tidy and safe work environment for all employees, the following measures have been taken at the driving schools during 2025:

- All employees are provided with training relating to occupational health and safety.
- To increase the frequency of cleansing and disinfection of training vehicles and workplace with appropriate cleansing solution.
- Driving instructors are provided with disinfection wet tissues for cleaning their training vehicles after each lesson.
- Hand sanitisers are provided within the school premises for staff, students and visitors to maintain personal hygiene.
- Driving instructors are provided with yoga classes to relieve stress and physical discomfort.

A safe work environment produces happier employees. The Group is dedicated to providing employees with good working conditions as well as to protecting employees from occupational hazards. To achieve this, the Administration Department identifies the potential and actual workplace hazards and risks and monitors and reviews all safety systems through regular checks. Employees are obliged to pay attention to safety hazards in their work environment and avoid improper behaviour that could lead to accidents or injuries in the workplace. Employees should further report any incidents that have caused or may result in injury or damage to their department heads and the administration personnel immediately.

Apart from safeguarding occupational health and safety, the Group encourages employees to adopt good hygiene habits to maintain a clean work environment. To prevent the spread of infectious diseases, employees are required to keep the office and its shared areas clean and tidy, observe personal hygiene and monitor their own health.

Work-related Fatalities and Work Injury (KPIs – B2.1 to B2.2)

During 2025, all offices and workplaces of the Group were operated and maintained in safe and reliable conditions. While the total number of lost-days due to work injuries was 552 man-days during the year, the Group did not register any material injury cases and there was zero case of work-related fatalities in the past three years from 2023 to 2025.

Environmental, Social and Governance Report

B. Social (continued)

B3. Development and Training

The Group acknowledges the importance of training not only to staff development but also to its success. The Group is committed to excellence by creating an intellectually stimulating environment that enables employees to grow and thrive. This has been achieved through continuous development of a training strategy that focuses on creating values for employees, on enabling them to develop their full potential and skills to better serve the needs of the Group.

Training and Career Development

Training policies and procedures have been formulated to standardise the management of employees' training across all units of the Group. The Moring Group has also devised an annual training plan and a training management system to align delivery of training activities with current training strategies and to ensure smooth execution, proper documentation and availability of statistics for its regular review of training effectiveness.

The Group provides customised training to its employees to help equip them with the knowledge and skills to perform their job effectively and efficiently. This includes structured training programs, seminars, workshops, online learning, regular sharing sessions, peer learning and/or on-the-job coaching. Further, to facilitate the improvement of employees' professional competence, the Group provides training subsidies.

The Group believes that this joint effort of customised training and provision of training subsidy is an effective and efficient approach to achieve corporate goals through maintaining a competent workforce.

During 2025, approximately 61.67%^{Note 1} of the Group's employees participated in training. The average training hours per employee was approximately 24.09 hours^{Note 2}. Below is a summary of the percentage of employees trained and the average training hours completed per employee by gender and employee category.

	2024			2025		
	No. of trained employees	% of trained employees <small>Note 3</small>	Average training hours per employee <small>Note 4</small>	No. of trained employees	% of trained employees <small>Note 3</small>	Average training hours per employee <small>Note 4</small>
KPIs – B3.1 to B3.2						
By Gender						
Male	278	54.62%	27.50	272	55.74%	28.51
Female	137	79.19%	11.24	135	78.49%	10.93
By Employee Category						
Senior Management & Senior Executives	16	88.89%	10.96	16	84.21%	9.88
Supervisory Level	62	89.86%	7.67	56	87.50%	7.14
General Employees	337	56.64%	25.57	335	58.06%	26.26

Environmental, Social and Governance Report

B. Social *(continued)*

B3. Development and Training *(continued)*

Training and Career Development (continued)

Notes:

1. The training participation percentage is calculated by dividing the total number of trained employees during 2025 by the total number of employees as at 31 December 2025.
2. The average training hours per employee is calculated by dividing the total training hours during 2025 by the total number of employees as at 31 December 2025.
3. The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during 2025 by the total number of employees in that category as at 31 December 2025.
4. The average training hours by category is calculated by dividing the total training hours for employees in the specified category during 2025 by the number of employees in that category as at 31 December 2025.

B4. Labour Standards

The Group respects human rights and strictly prohibits any unethical hiring practices, including child and forced labour. The Group conducts recruitment in accordance with applicable laws and regulations. Personal data and other credentials are collected in particular during the recruitment process to ensure that those laws and regulations are not violated.

Measures to Avoid Child and Forced Labour (KPI – B4.1)

Applicants are required to provide true, accurate and complete information in support of their applications and to make a declaration in the application form to the effect that any misrepresentation in the documents and information provided will result in disqualification of their applications and subsequent employments in the Group. During the recruitment process, the Human Resources Department collects and thoroughly checks the documents provided by the applicant (including the Hong Kong identity card) and subsequently reviews the personal data and/or credentials of successful applicants to ensure labour law compliance. In addition, the Group ensures that no employee is below the minimum legal working age and no forced labour is employed through regular training and internal audit. Any case of child labour or forced labour, when discovered, shall be investigated and acted upon and reported to the government authorities promptly in accordance with law. The Group should immediately terminate the employment contract and impose due punishment on the erring employee. The Group avoids engaging suppliers of administrative supplies and services and contractors that are known to employ child or forced labour in their operations.

Steps Taken to Eliminate Child and Forced Labour (KPI – B4.2)

The Group has a grievance policy that allows employees to have appropriate channels to raise their opinions and make grievances. If a violation is found, the Group will investigate the cause of the violation and the severity of the incident and make corresponding amendments as soon as possible.

During 2025, the Group was not aware of any violation of employment laws and regulations that had a significant impact on it relating to preventing child and forced labour, nor did it receive any reports of related incidents. Those laws and regulations include, among others, the Employment Ordinance (Cap. 57).

Environmental, Social and Governance Report

B. Social (continued)

B5. Supply Chain Management

As a socially responsible enterprise, the Group is well aware of the importance of supply chain management to its business and attaches great importance to the management of potential environmental and social risks in the supply chain. All suppliers are carefully evaluated under a rigorous and standardised procurement system and are regularly monitored and evaluated in a fair manner.

Procurement Practices (KPIs – B5.1 to B5.2)

The Group has in place well-established procedures to select and monitor contractors and suppliers. During the supplier selection process, the Group reviews not only their basic information but also a number of other factors such as delivery schedule, pricing, possession of requisite licenses, certifications, and compliance with relevant industrial laws, regulations and standards, among others.

The Group's supplier base comprises mainly suppliers of vehicles and spare parts, printing materials and office equipment. Below is a summary of the number of suppliers engaged by geographical region.

	2024	2025
Local suppliers	185	200
Overseas suppliers	13	13

At the level of material procurement and supplier management, the Group has established a comprehensive monitoring system to ensure the quality of its services or products. Under the supplier selection and review system, in addition to commercial considerations, the qualifications of new suppliers would also be reviewed, and the performance of existing major suppliers would be regularly evaluated; suppliers are required to comply with all laws, international conventions, and contracts requirements and all codes of the Group. When choosing a service provider, it is mainly based on the supplier's past experience, price, reputation, professional qualifications, ethics, environmental protection and corporate social responsibility performance. In order to ensure that the performance of suppliers continues to meet the requirements of the Group, their past performance of suppliers will be evaluated from time to time to ascertain whether the cooperation relationship with each supplier should be maintained.

The Motoring Group has been awarded the ISO 9001 quality management system certification for over twenty years, and the provision of quality services and products to customers is guaranteed.

During 2025, the above supplier engagement practices have been imposed on all suppliers.

Environmental, Social and Governance Report

B. Social *(continued)*

B5. Supply Chain Management *(continued)*

Managing Environmental and Social Risks along the Supply Chain (KPI – B5.3)

Although the ESG aspects of supply chain management are of moderate importance to the Group considering the nature of its business, the Group has put effort into safeguarding its values along the supply chain to protect its principles of ethics and legality. Apart from requiring suppliers and contractors to comply with the Group's standards and requirements as well as with the local regulations, the Group is also aware of the environmental and safety performance of its suppliers and contractors. During the process of assessing tenders from the suppliers and contractors, the Group conducts background search of suppliers and contractors for reference.

The Group is dedicated to working with suppliers who demonstrate a commitment to sustainable development and promoting environmental practices. In order to identify environmental and social risks along the supply chain, the Group adopts adequate control measures to ensure that the purchased products conform to the required specifications. All purchased products will be thoroughly inspected upon delivery to ensure that they comply with specifications, relevant regulations, standards and qualities. Beyond quality and legal compliance, the Group expects the suppliers to adopt fair labour practices and demonstrate their commitment to ethics.

The past performance of suppliers has been evaluated from time to time to ascertain whether the cooperation relationship with each supplier should be maintained. Market conditions have been monitored and alternative suppliers have been identified.

Promoting Environmentally Preferable Products and Services (KPI – B5.4)

While considering the scope of the above review, if it meets the business requirements of the Group, priority will be given to local suppliers with the same conditions to reduce additional greenhouse gas emissions caused by overseas procurement and transportation.

The Group has also incorporated environmental protection into the scope of its supplier management mechanism, requiring suppliers to ensure that the raw materials of products do not contain prohibited substances that are harmful to the environment, so as to work together to achieve common goals in environmental friendliness and energy conservation and emission reduction.

The Group has implemented a selection system to identify whether the suppliers' products/services meet the environmental protection related requirements during quotation/tendering process. Goods will be inspected before being put into use to confirm whether they meet the above requirements.

Environmental, Social and Governance Report

B. Social (continued)

B6. Product Responsibility

Product Recalls for Health and Safety Reasons (KPI – B6.1)

Due to the nature of its business, the Group does not have physical products for sales. The driving school operation, which is one of the primary business operations of the Group, provides driving training services to learner drivers. The Group actively monitors the quality of its services with its internal control process and maintains ongoing communication with customers to ensure mutual understanding while fulfilling their needs and expectations. The Group strives to cater to customers' needs and expectations, to the extent possible, as well as to continuously improve the quality of its services. To avoid and reduce the environmental impacts caused by its services, the Group has established the policies documented in the CSR Policy to ensure that appropriate measures and clear procedures are in place and are being followed by relevant personnel with respect to health and safety, advertising, labelling and privacy matters.

During 2025, the Group was not aware of any violation of service responsibility laws and regulations that had a significant impact on it relating to health and safety, advertising, labelling and privacy matters of its services provided and methods of redress. Those laws and regulations include, among others, the Personal Data (Privacy) Ordinance (Cap. 486) and the Trade Descriptions Ordinance (Cap. 362).

Customer Services (KPI – B6.2)

The Group endeavours to improve its service to clients through customer feedback. The Group takes every customer complaint seriously and handles it promptly. Concerns are addressed by designated staff, through discussion to resolution. Unresolved and serious issues are directed to the operations team and reported back to management.

During 2025, there was no material claim or complaint brought against the Group by its customers, and the cost incurred for rectification was immaterial.

Intellectual Property Rights (KPI – B6.3)

Notwithstanding that intellectual property rights are not considered as a material ESG aspect owing to the nature of its business, the Group has established relevant policies on the management of its information system. The Information Technology Department is further responsible for obtaining proper licenses for software, hardware and information used by the Group in its business operations. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. The Group also closely monitors the infringement actions in the market and avoids any infringement behaviour, such as counterfeit trademarks.

For protecting intellectual property of the Motoring Group, all company logos and driving course product names have been registered at Intellectual Property Department, the Government of the HKSAR as Registered Trademarks. These registered trademarks have been used in TV ads, training videos, corporate web sites, social media sites, student handbooks, teaching materials and promotional leaflets etc. The Motoring Group also owns the copyrights of all these videos, graphics, sounds, texts and designs. Filming or photo shooting in the classroom and training range is strictly prohibited so as to ensure that no training materials is stolen or leaked.

At the same time, the Motoring Group always respects intellectual property rights of third parties. The Marketing Department has been required to ensure that advertising materials are free from copyright infringement. In addition, only licensed computer software can be used, and employees are prohibited from downloading any illegal or pirated software to computer devices.

During 2025, the Group was not involved in any litigation relating to infringement of intellectual property rights.

Environmental, Social and Governance Report

B. Social *(continued)*

B6. Product Responsibility *(continued)*

Quality Assurance (KPI – B6.4)

The Group has established a comprehensive quality management system with comprehensive inspection and evaluation procedures. Since 1998, the Quality Management System ISO 9001 has been adopted for the driving training services provided to learner drivers. An annual audit for ISO 9001 has been conducted to ensure that all training procedures and practices are fully compliant with the requirements under ISO 9001.

The Motoring Group is committed to providing the best quality driving training and education to meet customers' increasing expectations. To achieve the mission in Total Quality Management, it is put forth the dedication to implement and continuously improve the ISO 9001 quality management system, where the scope covers application process, design of courses, delivery of course, standard of service and facilities, information system service and staff training.

During 2025, the Group did not have any services falling short of the required standards.

Customer Data Protection and Privacy Policies (KPI – B6.5)

The Group attaches great importance to the protection of confidential information which includes the confidential data of the Group and the privacy of customers. The Group has brought up strict management requirements to protect the privacy of customers. Only designated staff are allowed to gain access to the personal data and information of customers.

The Group provides training to its employees, in particular frontline staff, on the requirements of the laws relating to data privacy and data protection to ensure that they understand how to collect, store, use and dispose of customers' information in a lawful manner.

The Group strictly adheres to applicable statutory requirements. Employees are required to keep in strict confidence any information obtained in connection with their employment, including but not limited to trade secrets, client personal data and information, supplier information and other proprietary information.

The Group reviews preventive measures relating to data protection and privacy, and provides relevant training to employees on a regular basis.

During 2025, the Group did not receive any significant complaints regarding loss of customer data or breach of customer privacy. There were no cases of non-compliance with relevant laws and regulations on privacy matters.

Advertising and Labelling

The Group attaches great importance to the protection of consumer rights and interests. The sales protocol of its Motoring Group establishes the guidelines for the sales team. Those guidelines strictly require staff to refrain from any false, misleading and fraudulent behaviour; and to avoid any possible misunderstanding during the sales process, customers are given the opportunity to read carefully the sales and services contract before signing it.

Environmental, Social and Governance Report

B. Social (continued)

B7. Anti-corruption

The Group aims to set and maintain a high standard of business integrity throughout its operations. The Group prohibits all forms of bribery, extortion, fraudulent, money laundering and corruption activities in connection with any of its business activities. As a preventive measure, all directors and employees are required to strictly comply with applicable codes of conduct that prohibit the said corruption activities.

Number of Concluded Legal Cases (KPI – B7.1)

During 2025, the Group was not aware of any major violations of anti-corruption laws and regulations relating to bribery, extortion, fraud and money laundering that had a significant impact on it. Those laws and regulations include, among others, the Prevention of Bribery Ordinance (Cap. 201). There were no legal cases regarding corruption practices brought against the Group or its employees during 2025.

Preventive Measures and Whistleblowing Procedures (KPI – B7.2)

The Group strives to promote high ethical standards. During onboarding, every new joiner receives an employee handbook containing a set of code of conduct. The code of conduct clearly states the prohibition of all forms of bribery, extortion, fraud, money laundering and corruption and sets out the expected behaviour of all employees and guidelines on how to handle different situations in business dealings.

The Group has adopted a whistleblowing policy for employees and third parties to raise serious concerns about any suspected fraud, malpractice, misconduct or irregularity in relation to the Group in confidence and anonymity. Whistleblowers can report to the chairman or other members of the audit committee. The reported cases may be investigated internally, by external third parties (e.g., auditors, counsels or other experts), and/or be referred to relevant public bodies or regulatory or law enforcement authorities. All cases shall be handled independently and treated in strict confidence. Having reviewed and evaluated all the facts, the audit committee will take follow-up actions. The policy and its effectiveness will be monitored and reviewed annually or as appropriate.

Anti-corruption Training (KPI – B7.3)

The Group endeavours to maintain a culture of integrity, transparency and accountability by adhering to stringent anti-corruption practices. As a preventive measure, the Group assists its employees and directors in adhering to the updated anti-corruption laws and regulations by providing them with anti-corruption training. Employees and directors are also reminded regularly to avoid situations that may lead to a potential conflict of interest.

The Motoring Group organises anti-corruption training, which is part of the orientation program, for new joiners every month (if any). Through lectures and group discussion, this training equips all new joiners with knowledge and awareness on anti-corruption. Training content includes prevention of bribery, internal code of conduct and guidelines on preventing conflict of interests. It also organises anti-corruption refresher training for existing employees and directors by batches in a 3-year cycle through online training and face-to-face lectures.

Environmental, Social and Governance Report

B. Social *(continued)*

B8. Community Investment

Focus Areas of Contribution (KPI – B8.1)

Recognising the importance of making a positive impact on our society, we strive to promote social development and progress. Policies on community investment have been formulated to engage employees to work hand in hand together with the Group to support the development of a sustainable community through monetary donations and sponsorship of charitable or educational projects. We encourage employees to serve and reciprocate the community by enlisting their participation in community activities, including charitable fund-raising events by way of monetary donations or volunteer work.

Since 2020, three driving certificate courses provided by the Motoring Group have been accredited at level 3 under the Qualification Framework and included on the list of reimbursable courses of the Continuing Education Fund. Students who have completed the courses have a better chance of employment in road transportation and related industries. In addition, the Motoring Group has started to provide training for public bus and public light bus drivers recruited under the Government's labour importation scheme since late 2023. This move helps ease labour shortage faced by public bus and public light bus operators.

The Motoring Group advocated road safety through sponsorships and participation in various sports and fundraising events as described in the section below.

Resources Contributed (KPI – B8.2)

During 2025, the Group made a total of HK\$400,050 charitable contributions to support health, sport and social welfare. Of this amount, HK\$200,000 were donated to Our Hong Kong Foundation, HK\$100,000 to The Chartered Institute of Logistics and Transport in Hong Kong, HK\$33,050 to Youth Outreach, HK\$20,000 to Hong Kong Branch of the Sogetsu Teachers' Association, HK\$10,000 to AM730 – 20th Anniversary Publication, HK\$10,000 to The Federation of Alumni Associations of The Chinese University of Hong Kong, HK\$6,000 to Hong Kong Senior Government Officers Association, HK\$5,000 to Special Olympics Hong Kong, HK\$5,000 to Lifeline Express Hong Kong Foundation, HK\$5,000 to The Community Chest of Hong Kong, HK\$3,000 to Yuen Long District Sports Association and HK\$3,000 to Hong Kong Former Senior Civil Servants Association Limited.

Going forward, we will expand our efforts in charity work to cater for the specific needs of different community groups as well as to create a more favourable environment for our community and our business.

Environmental, Social and Governance Report

Climate Change

Phased Approach to Climate Disclosure

In accordance with Part D of the ESG Reporting Code, the Group has adopted a phased implementation approach for its climate-related disclosures for the Reporting Period. While we provide details on governance and risk management as follows, we have applied specific implementation reliefs for several quantitative metrics to ensure that the information we eventually disclose is accurate and meaningful.

Application of Reliefs

The Group has applied the following reliefs as permitted by the Exchange:

- **Financial Effects Relief:** We provide qualitative assessments of climate impacts. Quantitative financial data is currently not available.
- **Capabilities Relief:** Our climate resilience is assessed through qualitative scenario analysis rather than complex financial modeling, as this is more commensurate with our current resource allocation.
- **Reasonable Information Relief:** Part of the value-chain data (such as certain categories of Scope 3 GHG emissions) is not disclosed this year, as it cannot currently be obtained without undue cost or effort.

Considered Reasons for Phased Disclosure

The Group's current reporting systems are primarily focused on operational performance. At present, our internal accounting and data collection frameworks do not yet isolate climate-specific financial expenditures with sufficient precision for external audit. Furthermore, we are currently focused on ensuring the accuracy of our Scope 1 and 2 emissions data before expanding our reporting boundary to include more complex Scope 3 data or quantitative financial projections.

Future Roadmap

The Group is committed to the continuous enhancement of our ESG reporting standards. Our path toward more granular disclosure involves the following steps:

- **Phase 1 (Short Term):** We will continue to monitor developments in industry-specific carbon accounting standards and review our internal data collection processes to identify potential gaps.
- **Phase 2 (Medium Term):** We intend to evaluate the feasibility of integrating climate-related information into our financial tracking systems and explore methods for engaging with our primary suppliers regarding their carbon footprints.
- **Ongoing:** We will periodically assess our technical capabilities and resource requirements to determine when a transition to quantitative financial disclosure would be most appropriate and reliable for our stakeholders.

Environmental, Social and Governance Report

Climate Change *(continued)*

Governance

The board takes leadership for and accountability in overseeing ESG (including climate-related) performance and reporting as disclosed on page 42 above.

Management determines appropriate climate-related skills and competencies of relevant personnel. They first assess staff's existing knowledge regarding calculation in GHG emissions. Then, they may consult external ESG advisors, where necessary, to understand best practices and regulatory requirements. Finally, training is provided internally for management and working groups on relevant areas, while strategic roles may be hired or broadened if needed. This ensures that the Group has the capacity to effectively develop and oversee strategies addressing climate-related risks and opportunities.

Climate-related risks and opportunities are discussed during the half-year risk assessment (including ESG and climate-related risks) review meetings. In the meetings, senior executives will provide updates on relevant data against the Group's GHG emissions target and analysis under climate change risks. They may also engage external ESG advisors, where necessary, for specialised insights. This ensures timely informed decision-making by management and the board regarding climate strategy.

Climate-related risks, such as fuel price volatility, are integrated into strategic planning during the meetings. Management reviews data like GHG emissions and analyses potential impacts on operations and finances. Major fleet acquisitions or long-term contracts are specifically flagged for this assessment to identify risks and opportunities. Decisions incorporate climate considerations by evaluating trade-offs upfront, such as higher upfront cost but lower lifetime emissions of transitioning from Internal-Combustion-Engine ("ICE") vehicles to Hybrid-Vehicles ("HVs") or Electric-Vehicles ("EVs"), or assessing the reputational risk versus financial impact. This ensures a proactive approach to managing climate impacts across all core business areas against the Group's GHG emissions reduction target.

Climate-related targets, such as GHG emissions reduction, are overseen by management during the meetings. Management reviews data, including fleet fuel usage and fleet emissions data, and analyses progress towards these goals. Performance against climate-related targets is in the section headed "Metrics and Targets" below. While specific metrics tied to remuneration policy are not detailed here, we confirm that related performance, particularly in operational efficiency against the Group's GHG emissions reduction target linked to climate strategy, is considered by management when evaluating overall organisational progress and sustainability commitments. This oversight ensures alignment between the Group's climate strategy and its core business activities.

Regarding climate-related risks and opportunities, management exercises control by ensuring that senior executives and department heads implement approved policies for managing these risks. Progress monitoring involves regular data reviews against the Group's GHG emissions reduction target on metrics like fleet emissions. Management ensures alignment with the Group's overall objectives and risk appetite regarding climate factors. The role is not delegated to a single position but managed collectively by management, overseeing both opportunities (such as fuel efficiency) and risks (climate change).

Climate-related risks and opportunities are managed through established controls and procedures. Management utilises departmental data from operations (such as fuel usage) as a key control mechanism to monitor progress.

Environmental, Social and Governance Report

Climate Change *(continued)*

Strategy

The Group aims to enhance its business resilience to climate change and build an environmentally responsible enterprise. It has refined its risk assessment procedures to analyse the potential impacts on its businesses and value chain, thereby enabling the evaluation and formulation of optimal mitigation measures. In 2025, the Group conducted a climate scenario analysis to better understand and address the potential impacts of climate change. This analysis covered both physical risks and transition risks, with screening and assessment performed for each risk category. To better determine and analyse the potential physical and transition risks that the Group may face, we utilise climate scenarios including the Shared Socio-economic Pathways developed by the Intergovernmental Panel on Climate Change (“IPCC”) and the climate scenarios of the Network of Central Banks and Supervisors for Greening the Financial System (“NGFS”). This approach allows us to gain a better understanding of the resilience of our climate strategies and the potential impacts on core operations under various climate change projections, thereby further enhancing our ability to address climate change.

Physical risk		
Climate scenario	Low risk scenario	High risk scenario
	SSP 1-1.9	SSP 5-8.5
Scenario description	<ul style="list-style-type: none"> Rapid global phase-out of fossil fuels. Net-zero global carbon dioxide emissions by around 2050. Renewable energy becomes dominant, with widespread electrification. Large-scale afforestation. Rapid development and implementation of low-carbon technologies, including energy storage, hydrogen, and carbon capture and storage. Extensive global cooperation, stringent and effective climate policies, consumer behaviour shifting towards low-carbon alternatives. 	<ul style="list-style-type: none"> Reliance on abundant, globally connected fossil fuel resources. Active technological innovation, but primarily focused on energy extraction and consumption efficiency rather than low-carbon alternatives. No effective global carbon pricing or stringent international climate agreements. Global income disparities narrow and investment in human capital increases.
Expected temperature rise	With a temperature rise of less than 2°C in 2100.	With a temperature rise of 4.4°C in 2100.
Transition risk		
Climate scenario	High risk scenario	Low risk scenario
	Net Zero 2050	Current policies
Scenario description	<ul style="list-style-type: none"> Implement stringent climate policies immediately, with global carbon dioxide emissions reaching net zero around 2050. Carbon prices reached elevated levels as early as 2020 (approximately US\$100 per tonne of CO₂ equivalent) and continued to rise rapidly. Thus increased the costs of carbon-intensive goods and services, transforming consumption and production patterns. Carbon dioxide removal technologies are deployed to accelerate decarbonisation, though their scale is constrained by sustainability limitations. 	<ul style="list-style-type: none"> Currently implemented policies are preserved without adding any new emission reduction commitments or measures. Slow change to technology, fossil fuels remain dominant in the energy system and renewable energy growing but insufficient to disrupt the existing system. Carbon pricing is low, failing to effectively promote deep decarbonisation.
Expected temperature rise	With limit global warming to below 1.5°C (50% probability) in 2100.	With a temperature rise of more than 3°C in 2080.

Environmental, Social and Governance Report

Climate Change *(continued)*

Strategy *(continued)*

We assess the potential impacts of climate risks on the Group's production and operational activities, the level of risk impact, and the Group's mitigation measures based on climate scenarios. The potential climate-related risks faced by the Group are set out below:

Physical Risk					
Risk Description	Potential Impact	Risk Level		Time Horizon	Mitigation Strategy
		SSP1-1.9	SSP5-8.5		
Typhoons may cause extensive flooding, property and infrastructure damage (road transport and electricity supply), service disruption (transport and delivery), which can lead to significant economic impact.	<ul style="list-style-type: none"> - Loss of revenue due to service disruptions. - Increased operational expenses due to impact on typhoon preventative preparation. - Damage to assets and increased repairing costs. 	Low	Medium	Long-term	The Group will prioritise developing contingency plans, securing premises and equipment against storm damage, and may potentially diversify operational locations or methods (like enhanced online components) to ensure resilience and protect financial stability.
Extreme precipitation or heavy hail, can cause significant damage	<ul style="list-style-type: none"> - Loss of revenue due to service disruptions. - Damage to assets and increased repairing costs. 	Low	Low	Long-term	The Group has established emergency plans and corresponding measures to reduce damages to the assets and ensure employee safety.
Sustained higher temperatures over time or extreme heat waves may potentially lower employees' productivity and result in higher energy costs for cooling infrastructure.	<ul style="list-style-type: none"> - Increased operational costs due to decrease in employee productivity. - Increased operational costs of cooling. 	Low	Low	Long-term	The Group has considered long-term adaptation strategies, such as investing in energy-efficient cooling systems, exploring flexible operating hours, and potentially adjusting training schedules or content to accommodate extreme heat, all aimed at safeguarding operational efficiency and financial performance in a warmer climate.
Transition Risk					
Risk Type	Potential Impact	Risk Level		Time Horizon	Mitigation Strategy
		Net Zero 2050	Current policies		
Risk from international carbon pricing impacts on fuel costs.	<ul style="list-style-type: none"> - Increase in operational cost. 	Medium	Low	Short-to Medium-term	The Group will prioritise fleet upgrades and disposal plans where suitable and feasible to reduce the impact of potential fuel cost increase.

Note: The time horizon is defined by the impact period that climate-related risk may cause to the operation of the Group. Short-term is for 1 to 3 years, medium-term is for 3 to 5 years and long-term is for 5 to 10 years.

Environmental, Social and Governance Report

Climate Change *(continued)*

Strategy *(continued)*

Transition Opportunity			
Specific Opportunity	Detailed Description	Time Horizon	Potential Benefits
Transitioning from ICE vehicles	Reduce long-term operational costs (both maintenance and fuel costs) and capitalise on the growing affordability and popularity of EVs and HVs.	Short-to Medium-term	Enhance cost efficiency and reduce long-term operational costs.

Business Model and Value Chain

The Group primarily provides driving training services aimed at helping individuals obtain driving licenses for various vehicle types. Our value chain encompasses inbound logistics (training vehicles and curriculum), operations (instruction services and lesson scheduling), outbound logistics (students receiving their driving license), and marketing and sales (student acquisition and ongoing support).

Climate-related risks and opportunities are concentrated in specific areas of our business model and value chain. Physical risks (such as floods, cyclones, and extreme heat) are concentrated in our training facilities and fleet assets. Transition risks (including policy changes and rising energy prices) are concentrated in our fleet assets, given our reliance on fuel costs and the regulatory push towards low-emission vehicles. Conversely, opportunities arising from the shift towards sustainable transportation are concentrated in our procurement and operations segments, where transitioning to HVs or EVs can enhance our market positioning.

Current Financial Effects

The Group integrates sustainability directly into its strategy and operations. We are currently transitioning our fleet towards HVs or EVs, allocating resources progressively over multiple years. While this effort aims to reduce physical and transition climate risks, it has not resulted in any material current financial effects on the Group's financial position, financial performance, or cash flows for the Reporting Period. The investments made to date have been expensed as incurred or capitalised as part of our regular asset replacement cycle, and do not represent a material deviation from normal operational expenditure. Furthermore, the Group has assessed that there is no significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period as a result of climate-related matters.

Anticipated Financial Effects

Looking ahead, the Group expects climate-related factors to influence its financial position, performance, and cash flows over the following time horizons:

Short to Medium Term (1–5 years): The Group anticipates moderate increases in operational expenditure related to energy costs and potential compliance with evolving carbon regulations. These are expected to be managed through efficiency improvements and do not currently represent a material forecasted impact.

Medium to Long Term (3–10 years): The Group expects its financial position to change as it invests in HVs or EVs to replace existing ICE vehicles. While the precise quantitative impact is not separately identifiable at this stage due to the long-term nature of the transition, the Group expects these investments to result in changes to the composition of its assets (increased proportion of low-emission vehicles) and, over time, positively impact financial performance through reduced fuel and maintenance costs. These anticipated changes are linked to the adaptation of our business model to enhance future resilience and optimise our value chain in response to the transition towards sustainable transportation.

Environmental, Social and Governance Report

Climate Change *(continued)*

Risk Management

Climate-Related Risk Management Processes

The Group has incorporated climate-related risk and opportunity considerations into its daily operations and its enterprise risk management system. The processes used to identify, assess, prioritise, and monitor climate-related risks are integrated with the Group's overall risk management framework, with management responsible for identifying and addressing sustainability-related (including climate-related) risks and opportunities.

Inputs and Parameters

The climate-related risk management process utilises specific inputs and parameters to identify, assess, prioritise, and monitor risks tied to driving training operations. Key inputs include:

- Fuel consumption logs from training vehicles
- Fleet maintenance records
- Fuel purchase receipts
- Regulatory updates on EV mandates and carbon policies

These data sources cover the full scope of the Group's fleet operations and training facilities.

Assessment of Nature, Likelihood and Magnitude

To assess climate-related risks, the Group evaluates both qualitative factors (such as regulatory trends and operational exposure) and quantitative thresholds (such as fuel cost fluctuations and asset replacement cycles). Based on this assessment, the potential financial and operational impacts of identified climate-related risks were rated as insignificant relative to the overall scale of the Group's business operations for the Reporting Period.

Use of Scenario Analysis

As disclosed in the section headed "Strategy" above, the Group conducted climate scenario analysis in the Reporting Period, utilising scenarios from the IPCC (SSP1-1.9, SSP5-8.5) to better understand potential physical and transition risks. The outcomes of this scenario analysis inform the identification of climate-related risks and are integrated into the Group's risk assessment processes.

Prioritisation of Risks

Climate-related risks are prioritised alongside other enterprise risks based on their assessed likelihood and potential magnitude. Relative to other risk categories (such as operational, financial, and regulatory risks), climate-related risks are currently considered to be of lower priority given the insignificance of their assessed potential impact; however, they remain subject to ongoing monitoring.

Monitoring of Risks

Climate-related risks are continuously monitored through regular review of the input data sources described above. Management reviews fleet efficiency metrics, regulatory developments, and operational incident reports on a periodic basis to identify any changes in risk exposure.

Changes from Previous Reporting Period

This is the first reporting period in which the Group has formally conducted climate scenario analysis and expanded its risk management processes to include the specific inputs and parameters described above. No other significant changes were made to the risk management processes compared with the previous reporting period.

Environmental, Social and Governance Report

Climate Change *(continued)*

Risk Management *(continued)*

Climate-Related Opportunities Identification Process

The processes for identifying climate-related opportunities are aligned with the Group's strategic planning and market monitoring activities. Management monitors market trends, including shifts in consumer preferences towards low-carbon mobility and policy incentives for fleet electrification. Opportunities are assessed based on their potential to enhance the Group's market positioning, operational efficiency, and long-term resilience. As with risk identification, scenario analysis outcomes inform the identification of opportunities, particularly those arising from the transition to a low-carbon economy.

Integration with Overall Risk Management

The processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into the Group's enterprise risk management system. Climate-related considerations are incorporated into business decision-making and approval processes, including investment planning for fleet upgrades and facility management. This integration ensures that climate-related factors are considered alongside other enterprise risks and opportunities in the Group's development and strategic planning.

Metrics and Targets

The Group has established clear and measurable quantitative targets across five key areas: air emissions, GHG emissions, waste management, energy consumption, and water resource usage. We regularly monitor and disclose these climate-related key performance indicators ("KPIs"), reporting progress annually to ensure transparency and comparability. In addition, we evaluate the effectiveness of our climate initiatives using scientific data, providing a strong foundation for future strategic adjustments and supporting the Group's sustainable development.

Given that our business model depends on collaboration with suppliers and upstream and downstream value chain partners, Scope 3 emissions are expected to represent a significant portion of the Group's carbon footprint. Based on our business activities, the Group's Scope 3 emissions are anticipated to comprise both upstream and downstream activities, including but not limited to: purchased goods and services (Category 1), upstream and downstream transportation and distribution (Categories 4 and 9), waste generated in operations (Category 5), and business travel (Category 6). The Group is currently evaluating data availability and working to further calculate and disclose its Scope 3 emissions. These will be disclosed in future reports once the methodology is finalised and data collection is complete.

Further to the environmental targets set out in the earlier sections, the Group has established climate-related transition target to demonstrate its commitment to sustainability. The target are designed to align our operations with the transition towards a low-carbon economy and to mitigate climate-related risks over the short, medium, and long term:

Quantitative Target: Transition 33% of ICE vehicles towards HVs or EVs by 2035 to mitigate climate change impacts through reduced GHG emissions intensity and energy consumption intensity, which will be measured via internal KPIs tracking fleet electrification rates accordingly.

Remuneration

We do not factor climate-related considerations into our remuneration policy. Our current compensation structure does not incorporate incentives or adjustments based on environmental performance metrics, such as emissions reduction targets (e.g., fleet electrification by 2035–2040) or carbon pricing directly influencing staff pay. Such factors are considered as part of our overall operational strategy but not the remuneration policy.

Internal Carbon Price

The Group does not currently apply an internal carbon price to its operations or investment decisions. Given the nature of our business and the current scale of our emissions profile, the Group has determined that the adoption of an internal carbon price is not considered a material or necessary tool for driving emission reductions at this stage. The Group will continue to evaluate the appropriateness of internal carbon pricing in future periods as regulatory frameworks evolve and our climate strategy develops.

The directors submit their report together with the audited financial statements of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2025.

Principal Activities

The principal activity of the Company is investment holding while the principal activities of its subsidiaries are set out in note 12 to the financial statements on pages 119 and 120.

Business Review

This business review is made pursuant to Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”), and paragraph 28(2)(d) of Appendix D2 to the Main Board Listing Rules (the “Listing Rules”) published by The Stock Exchange of Hong Kong Limited (the “Exchange”). In the opinion of the directors, the Chairman’s Statement, together with the Operation Review and Management Discussion and Analysis sections on pages 2 to 17, provides a comprehensive review of the performance of the Group for the year ended 31 December 2025 as well as its future prospects.

Details of our non-financial performance indicators are given in the Operation Review on pages 6 and 7; while key financial indicators and details of the principal risks and uncertainties of the Company’s business are described in the Management Discussion and Analysis on pages 8 to 17.

Discussions on the Group’s environmental policies and performance, compliance with relevant laws, regulations and standards, key relationship with its employees, customers and suppliers, and others that have a significant impact on the Group are set out in the Management Discussion and Analysis on pages 8 to 17, the Environmental, Social and Governance Report on pages 42 to 71, the Corporate Governance Report on pages 21 to 41 and Major Customers and Suppliers of the Directors’ Report on page 73. All the review, discussions and analysis mentioned above form part of this report.

During the year, there were no areas of material non-compliance with applicable laws and regulations that had a significant impact on the Company known to the directors, including but not limited to the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

The Group recognises the importance of a sound, healthy stakeholder relationship in building its long-term success. To this end, senior management maintains good communication and exchanges ideas with stakeholders as appropriate. During the year, there were no material and significant disputes between the Company or any of its subsidiaries and their respective employees, customers and suppliers, shareholders or business partners known to the directors.

Results and Appropriations

The results of the Group and appropriations of profit for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on pages 84 and 85 and note 22(b) to the financial statements on page 131 respectively.

The first, second and third quarterly interim dividends each of HK\$0.06 per share (2024: HK\$0.06 per share) were paid on 11 July 2025, 15 September 2025 and 24 December 2025 respectively. The directors recommend the payment of a final dividend of HK\$0.24 per share (2024: HK\$0.24 per share) which, together with the interim dividends, make total dividends for the year ended 31 December 2025 of HK\$0.42 per share (2024: HK\$0.42 per share), representing a total distribution of approximately HK\$156.5 million (2024: HK\$156.5 million) for the year.

Directors' Report

Results and Appropriations *(continued)*

Closure of register of members for final dividend

Subject to shareholder approval of the proposed final dividend at the forthcoming annual general meeting (the "2026 AGM"), it is expected that the final dividend warrants will be despatched on 21 May 2026 to shareholders registered at the close of business on 15 May 2026. The register of members and transfer books of the Company will be closed from 13 May 2026 to 15 May 2026, both days inclusive, for determining entitlement to the final dividend.

Last share registration date for the 2026 AGM

For determining the right of shareholders to attend and to speak and vote at the 2026 AGM, the deadline for share registration will be 30 April 2026. Shareholders should therefore ensure that all transfer documents and accompanying share certificates are lodged for registration with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m., 30 April 2026 (record date).

Donations

Donations made by the Group during the year amounted to HK\$400,050 (2024: HK\$262,800). Details are set out in the section headed "B8. Community Investment" of the Environmental, Social and Governance Report on page 64.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 11 to the financial statements on pages 118 and 119.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 22(a) to the financial statements on page 130.

Reserves

At 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of part 6 of the Companies Ordinance was HK\$6,020,991,000 (2024: HK\$6,407,549,000). After the end of the reporting period, the directors proposed a final dividend of HK\$0.24 per share (2024: HK\$0.24 per share), amounting to HK\$89,445,000 (2024: HK\$89,445,000) (note 22(b)). This dividend has not been recognised as a liability at the end of the reporting period.

Details of the movements in reserves of the Company during the year are set out in the consolidated statement of changes in equity on page 89 and note 22(a) to the financial statements on page 130.

Five-year 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 page 145.

Major Customers and Suppliers

During the year, less than 30% of the Group's purchases (not being purchases of items of a capital nature) were attributable to the Group's five largest suppliers, and less than 30% of the Group's turnover were attributable to the Group's five largest customers (being the five largest customers of The Hong Kong School of Motoring Limited, a 70%-owned subsidiary).

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns 5% or more of the Company's number of shares in issue) had an interest in those major customers and suppliers during the year.

Directors

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

Executive Director

Cheung Chung Kiu (*Chairman*)
Yeung Hin Chung, John, SBS, OBE, JP (*Managing Director*)
Yuen Wing Shing
Wong Chi Keung
Leung Wai Fai
Tung Wai Lan, Iris

Independent Non-executive Director

Ng Kwok Fu
Leung Yu Ming, Steven
Wong Lung Tak, Patrick, BBS, JP

In accordance with article 82 of the articles of association of the Company, Mr. Yeung Hin Chung, John, Mr. Leung Yu Ming, Steven and Mr. Wong Lung Tak, Patrick shall retire from office by rotation at the 2026 AGM. Mr. Leung Yu Ming, Steven and Mr. Wong Lung Tak, Patrick shall also cease to hold the office of independent non-executive director from the conclusion of the 2026 AGM according to their terms of office. All the retiring directors, being eligible, have offered themselves for re-election.

No director proposed for re-election at the 2026 AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by shareholders during office hours.

Confirmation of Independence

The Company has received from each individual independent non-executive director an annual confirmation of his independence and considers them to be independent.

Directors' Information/Significant Commitments

Changes in directors' details since the date of the 2025 interim report of the Company, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below.

Shengjing Bank Co., Ltd., of which Mr. Yuen Wing Shing serves as a Shareholder Representative Supervisor of the eighth session of the Supervisory Board, has withdrawn the listing of the H shares on the Exchange with effect from 4:00 p.m. on 20 November 2025.

Save as disclosed above, the Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules since its last update to shareholders nor in any of their significant commitments for the purposes of C.1.5 of the Corporate Governance Code set out within Appendix C1 to the Listing Rules.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

Directors' and Chief Executive's Interests and Short Positions

The register kept by the Company under section 352 of the SFO shows the following directors' interests and long positions in shares and/or in debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2025:

(a) Interests in the Company – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	272,912,585	272,912,585 ¹	73.23%
Wong Chi Keung	Beneficial owner	306,019	306,019	0.08%
Ng Kwok Fu	Beneficial owner Interest of spouse	9,708 7,766	17,474	0.01%

(b) Interests in C C Land Holdings Limited (associated corporation) – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	2,871,231,906	2,871,231,906 ²	73.96%

(c) Interests in Instant Glory International Limited (associated corporation) – Shares

Name of director	Capacity	No. of shares held	Total no. of shares held	Approximate % of interest
Cheung Chung Kiu	Interest of controlled corporation	1	1 ³	50%

Notes:

1. Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in 272,912,585 shares in the Company by virtue of his indirect control of Rose Dynamics Limited ("Rose Dynamics") which owned those shares. Rose Dynamics was a wholly owned subsidiary of Windsor Dynasty Limited ("Windsor Dynasty"), a company wholly owned by Mr. C.K. Cheung.
2. Mr. C.K. Cheung was deemed to be interested in 2,871,231,906 shares in C C Land Holdings Limited ("C C Land") by virtue of his indirect control of Fame Seeker Holdings Limited ("Fame Seeker") which owned those shares. Fame Seeker was a wholly owned subsidiary of Windsor Dynasty.
3. Mr. C.K. Cheung was deemed to be interested in 1 share representing 50% interest in Instant Glory International Limited by virtue of his direct control of Victory Trend Holdings Limited which owned the share.

Save as disclosed herein, as at 31 December 2025, there were no other interests or short positions in shares and underlying shares and in debentures, of the Company, or of any of its associated corporations, recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the Code for Securities Transactions by Directors adopted by the Company.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are as follows:

Share scheme

The share option scheme adopted by the Company on 21 May 2015 (the "2015 Scheme") expired on 21 May 2025 and a new share option scheme (the "2025 Scheme") was adopted by the Company on 19 May 2025. A summary of the 2025 Scheme is given below. Other principal terms of the 2025 Scheme are given in the circular to shareholders dated 17 April 2025.

- (1) Purpose : To provide the Company with a flexible means of incentivizing, rewarding, remunerating, compensating, and/or providing benefits to the Participants in the interest of the long-term growth of the Group
- (2) Participants : Any director of the Company or any of its subsidiaries or any full-time employee employed by the Group, including persons who are granted options under this scheme as an inducement to enter into employment contracts or service contracts with any of such companies
- (3) Total number of shares available for issue
(% of issued shares
(excluding treasury shares)
as at 20 March 2026) : 37,268,820 ordinary shares (10%)
- (4) Maximum entitlement of each participant : 1% of the total number of ordinary shares (excluding treasury shares, if any) in issue as at the date of grant in the 12-month period up to and including the date of grant
- (5) Period within which the options may be exercised : To be determined by the board in its absolute discretion as being the period during which an option may be exercised, such period to expire not later than 10 years from the date of grant of the option
- (6) Minimum period for which an option must be held before exercise (vesting period) : To be determined by the board from time to time and shall not be less than 12 months
- (7) Amount payable on application or acceptance of the option and the period within which payments may be made : HK\$1.00 payable within 14 days from the offer date, or within 7 days if so demanded by the Company
- (8) Basis of determining the exercise price : The exercise price shall be a price solely determined by the board and shall not be less than the higher of:
 - (a) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of grant of the option which must be a business day; and
 - (b) the average closing price of the shares as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option
- (9) Remaining life : Until 18 May 2035

Directors' Report

Equity-linked Agreements *(continued)*

Share scheme *(continued)*

The number of options available for grant under the 2015 Scheme was 37,268,820 and there was no sublimit (in addition to the maximum entitlement of each participant) for options available for grant to service providers as at the beginning of the year (1 January 2025) and up to the final valid date (20 May 2025). The number of options available for grant under the 2025 Scheme was 37,268,820 and there were no options available for grant to service providers as at the adoption date (19 May 2025) and the end of the year (31 December 2025). Since no option lapsed and no option was granted, exercised or cancelled under the 2015 Scheme and the 2025 Scheme during the year, the number of shares that may be issued in respect of options granted under both schemes during the year divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year was 0%.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions" and the "Share option scheme" above, at no time during the year was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Persons' Interests and Short Positions

As at 31 December 2025, the interests and long positions of other persons (not being directors or chief executives) in shares of the Company recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Windsor Dynasty	Interest of controlled corporation	272,912,585	73.23%
Rose Dynamics	Beneficial owner	272,912,585	73.23%

Note: Each parcel of 272,912,585 shares represents Rose Dynamics' direct interest in the Company. Windsor Dynasty was deemed to be interested in those shares by virtue of its direct control of Rose Dynamics.

Apart from the above and Mr. C.K. Cheung's interest already disclosed on page 75, there were no other interests or short positions in shares and underlying shares of the Company recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as at 31 December 2025.

Retirement Schemes

The Group operates a defined contribution retirement scheme, and two Mandatory Provident Fund schemes (the "MPF Schemes"). Particulars of those schemes are set out below.

(I) Pension scheme

(i) Nature of the scheme

The principal scheme operated by the Group is a defined contribution retirement scheme for the employees of The Hong Kong School of Motoring Limited.

(ii) Funding of the scheme

The benefits of the scheme were funded in 2025 by a 5% contribution by employees and a 7.5% contribution by The Hong Kong School of Motoring Limited based on the annual salaries of employees. The contributions excluded the costs of administration and term life assurance.

Retirement Schemes *(continued)*

(I) Pension scheme *(continued)*

(iii) Costs of the scheme

Total costs of the scheme, amounting to HK\$0.3 million, were charged to the Group's statement of profit or loss for the year under review. The required contribution rate was calculated as 7.5% of the total salaries payable during the year.

(iv) Forfeited contributions of the scheme

There is no forfeited contribution that may be used to reduce the existing level of contributions under the scheme as at 31 December 2025. No forfeited contribution was utilised during the year.

(II) MPF schemes

As from 1 December 2000, the Group has operated two MPF Schemes under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement scheme. The MPF Schemes are defined contribution retirement schemes administered by independent trustees. Under the MPF Schemes, the employer and its employees are each required to make contributions to the schemes at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The total amount of contributions to the MPF Schemes charged to the Group's statement of profit or loss for the year was HK\$10.3 million.

Remuneration Policy

The remuneration policy for employees of the Group is formulated to ensure fair and competitive packages based on business needs and industry practice. Remuneration will be determined by taking into consideration factors such as the Group's operating results, inflation, and market and economic situation. Performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibility undertaken will also be considered to provide incentives to individual employees to perform at their highest levels as well as to attract, retain and motivate the very best people. The Company's remuneration structure for its employees comprises fixed and variable components including, inter alia, share options and retirement scheme contributions as long-term incentives. Remuneration policy for directors is set out in the Corporate Governance Report on pages 21 to 41.

Further details of the directors' remuneration and the five highest-paid individuals in the Group are set out in notes 8 and 9 to the financial statements on pages 115 and 116 respectively.

Management Discussion and Analysis

Further information of the Group which is required to be disclosed pursuant to the Listing Rules is set out on pages 8 to 17.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company maintained throughout the year the initial prescribed threshold of public float (i.e. at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any)) under the Listing Rules.

Directors' Report

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares (including sale of treasury shares, if any) in the Company during the year.

Management Contracts

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year.

Indemnity of Directors

Permitted indemnity provisions (within the meaning of section 469 of the Companies Ordinance) for the benefit of the directors (including the former director) of the Company are currently in force and were in force throughout the year.

External Auditor

The financial statements for the year have been audited by KPMG, Certified Public Accountants, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's external auditor will be proposed at the 2026 AGM.

On behalf of the board

Cheung Chung Kiu

Chairman

Hong Kong, 20 March 2026

Independent Auditor's Report



Independent auditor's report to the members of The Cross-Harbour (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of The Cross-Harbour (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 84 to 144 which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Key audit matters

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

Independent Auditor's Report

Valuation of financial assets measured at FVPL - unlisted fund investments	
<i>Refer to note 15 to the consolidated financial statements on pages 122 to 123 and the accounting policy in note 2(f) on pages 94 to 95.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the carrying value of the Group's unlisted fund investments is HK\$3,628 million. These investments are measured at fair value through profit or loss (FVPL).</p> <p>The unlisted fund investments have been valued based on valuations performed by the fund managers, investment advisors or administrators of the funds as at 31 December 2025.</p> <p>We identified the valuation of these unlisted funds as a key audit matter because of the significance of these fund investments to the Group's total assets as at 31 December 2025 and the significance of changes in fair value of these fund investments to the Group's profit before taxation and because the valuation of these investments is an area of judgement and estimation which increases the risk of error or potential bias.</p>	<p>Our audit procedures to assess the valuation of unlisted fund investments included the following:</p> <ul style="list-style-type: none"> • Obtaining independent confirmations from the fund managers, investment advisors or administrators of the funds to confirm the existence and these parties' valuation of the Group's investments in those funds; • Obtaining information on the latest available valuation from the fund managers, investment advisors or administrators of the funds and comparing such valuations to the valuations adopted by the Group's management for financial reporting; • Obtaining the most recent audited financial statements for the funds, where applicable, and assessing whether the opinion was unqualified and whether the basis of preparation was appropriate; and • Comparing the net asset value of each fund as reported in the most recently available audited financial statements to the fund managers' original estimates of the investment valuation and assessing whether this has resulted in any material valuation adjustments.

Independent Auditor's Report

Information other than the consolidated financial statements and auditor's report thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

- 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheng Pui Ngar (practising certificate number: P05280).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2026

Consolidated Statement of Profit or Loss

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Continuing operations			
Revenue from contracts with customers within the scope of HKFRS 15	3(a)	772,418	795,069
Revenue from other sources	3(a)	49,790	45,486
Other interest revenue	3(a)	107,384	135,996
Total revenue		929,592	976,551
Other net gains	4	468,529	249,709
Direct costs and operating expenses		(328,023)	(350,913)
Selling and marketing expenses		(41,426)	(38,696)
Administrative and corporate expenses		(256,263)	(261,970)
Reversal of impairment losses on other financial assets	15(v)	60,000	—
Profit from operations		832,409	574,681
Finance costs	5(a)	(14,120)	(18,905)
Impairment loss of an associate	13	—	(2,474)
Share of profit of a joint venture	14	16,650	9,861
Profit before taxation	5	834,939	563,163
Income tax	6(a)	(49,745)	(45,697)
Profit for the year from continuing operations		785,194	517,466
Discontinued operation			
Profit for the year from discontinued operation	7	18,694	3,442
Profit for the year		803,888	520,908

Consolidated Statement of Profit or Loss

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	<i>Note</i>	2025 \$'000	2024 \$'000
Attributable to:			
Equity shareholders of the Company			
– from continuing operations		704,840	431,068
– from discontinued operation		18,694	3,442
		723,534	434,510
Non-controlling interests		80,354	86,398
Profit for the year		803,888	520,908
Earnings per share			
	10		
Basic and diluted		\$1.94	\$1.17
From continuing operations			
Basic and diluted		\$1.89	\$1.16
From discontinued operation			
Basic and diluted		\$0.05	\$0.01

The notes on pages 92 to 144 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 22(b).

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	2025	2024
Note	\$'000	\$'000
Profit for the year	803,888	520,908
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that will not be reclassified to profit or loss:</i>		
– Financial assets measured at fair value through other comprehensive income (non-recycling)	5,281	1,727
– changes in fair value of equity securities	169	(126)
– Share of other comprehensive income of a joint venture	5,450	1,601
Total comprehensive income for the year	809,338	522,509
Attributable to:		
Equity shareholders of the Company		
– from continuing operations	710,239	432,707
– from discontinued operation	18,694	3,442
	728,933	436,149
Non-controlling interests	80,405	86,360
Total comprehensive income for the year	809,338	522,509

There is no tax effect relating to the above components of other comprehensive income.

The notes on pages 92 to 144 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025		2024	
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11		375,339		472,194
Interest in a joint venture	14		156,304		164,485
Other financial assets	15		3,688,192		3,801,850
Deposits and prepayments	16		63,894		45,620
Deferred tax assets	21(b)		—		44
			4,283,729		4,484,193
Current assets					
Interest in associates	13		—	18,637	
Inventories			1,287	1,326	
Other financial assets	15		1,552,570	1,216,998	
Trade and other receivables	16		89,247	99,310	
Amount due from a joint venture	14(c)		9,000	9,000	
Dividend receivable			774	481	
Bank deposits and cash	17(a)		2,999,824	2,767,422	
			4,652,702	4,113,174	
Current liabilities					
Trade and other payables	18		132,645	148,342	
Contract liabilities	19		329,881	453,516	
Lease liabilities	20		92,982	101,814	
Taxation payable	21(a)		3,384	8,679	
Dividends payable			640	1,635	
			559,532	713,986	
Net current assets			4,093,170		3,399,188

Consolidated Statement of Financial Position

at 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025		2024	
		\$'000	\$'000	\$'000	\$'000
Total assets less current liabilities			8,376,899		7,883,381
Non-current liabilities					
Lease liabilities	20		105,742		196,111
Deferred tax liabilities	21(b)		3,195		2,967
			108,937		199,078
NET ASSETS			8,267,962		7,684,303
CAPITAL AND RESERVES	22				
Share capital			1,629,461		1,629,461
Reserves			6,437,748		5,865,344
Total equity attributable to equity shareholders of the Company			8,067,209		7,494,805
Non-controlling interests			200,753		189,498
TOTAL EQUITY			8,267,962		7,684,303

Approved and authorised for issue by the board of directors on 20 March 2026.

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

The notes on pages 92 to 144 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Fair value reserve (non-recycling)	Exchange reserve	Retained profits	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Balance at 1 January 2025	1,629,461	1,984	22,648	(91)	5,840,803	7,494,805	189,498	7,684,303	
Changes in equity for 2025:									
Profit for the year	–	–	–	–	723,534	723,534	80,354	803,888	
Other comprehensive income	–	–	5,281	118	–	5,399	51	5,450	
Total comprehensive income	–	–	5,281	118	723,534	728,933	80,405	809,338	
Dividends approved in respect of the previous year	22(b)	–	–	–	(89,445)	(89,445)	–	(89,445)	
Non-controlling interest's share of dividends		–	–	–	–	–	(69,150)	(69,150)	
Dividends declared in respect of the current year	22(b)	–	–	–	(67,084)	(67,084)	–	(67,084)	
Balance at 31 December 2025	1,629,461	1,984	27,929	27	6,407,808	8,067,209	200,753	8,267,962	

Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Fair value reserve (non-recycling)	Exchange reserve	Retained profits	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Balance at 1 January 2024	1,629,461	1,984	20,921	(3)	5,562,822	7,215,185	197,848	7,413,033	
Changes in equity for 2024:									
Profit for the year	–	–	–	–	434,510	434,510	86,398	520,908	
Other comprehensive income	–	–	1,727	(88)	–	1,639	(38)	1,601	
Total comprehensive income	–	–	1,727	(88)	434,510	436,149	86,360	522,509	
Dividends approved in respect of the previous year	22(b)	–	–	–	(89,445)	(89,445)	–	(89,445)	
Non-controlling interest's share of dividends		–	–	–	–	–	(94,710)	(94,710)	
Dividends declared in respect of the current year	22(b)	–	–	–	(67,084)	(67,084)	–	(67,084)	
Balance at 31 December 2024	1,629,461	1,984	22,648	(91)	5,840,803	7,494,805	189,498	7,684,303	

The notes on pages 92 to 144 part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	\$'000	2024 \$'000	\$'000
Operating activities					
Profit before taxation					
– From continuing operations		834,939		563,163	
– From discontinued operation		18,694		3,442	
		853,633		566,605	
Adjustments for:					
Interest income	3	(107,384)		(135,996)	
Impairment of an associate		–		2,474	
Share of profit of an associate		(18,694)		(3,442)	
Share of profit of a joint venture		(16,650)		(9,861)	
Net gains on disposal of property, plant and equipment	4	(1,312)		(930)	
Changes in fair value of other financial assets at FVPL	4	(467,554)		(245,821)	
Finance costs	5(a)	14,120		18,905	
Depreciation	5(b)	116,256		114,474	
Reversal of impairment losses on other financial assets	5(b)	(60,000)		–	
Dividend income from equity securities	5(b)	(49,290)		(45,063)	
Changes in working capital:		263,125		261,345	
Decrease/(increase) in inventories		39		(43)	
Increase in trade and other receivables		(6,016)		(31,542)	
(Decrease)/increase in trade and other payables		(15,697)		14,410	
Decrease in contract liabilities		(123,635)		(138,182)	
Cash generated from operations		117,816		105,988	
Hong Kong Profits Tax paid		(54,768)		(41,640)	
Net cash generated from operating activities			63,048		64,348

Consolidated Cash Flow Statement

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Investing activities			
(Increase)/decrease in deposits with banks with original maturity over three months		(651,390)	20,743
Payment for the purchase of property, plant and equipment		(16,180)	(16,842)
Payment for purchase of other financial assets at FVPL		(772,535)	(638,015)
Proceeds from disposal of property, plant and equipment		1,395	930
Proceeds from repayment of interest-bearing instruments	15	60,000	—
Proceeds from disposal of treasury bills at FVPL		63,060	—
Proceeds from disposal of equity securities at FVPL		205,247	238,679
Proceeds from distribution from and disposal of unlisted funds at FVPL		755,149	554,248
Dividend received from equity securities at FVOCI (non-recycling)		3,351	2,834
Dividend received from equity securities at FVPL		45,646	42,599
Dividends received from an associate	13	37,331	—
Dividends received from a joint venture		25,000	5,000
Interest received		105,189	137,970
Net cash (used in)/generated from investing activities		(138,737)	348,146
Financing activities			
Interest element of lease rentals paid	17(b)	(14,120)	(18,905)
Capital element of lease rentals paid	17(b)	(102,505)	(97,519)
Dividends paid	17(b)	(157,524)	(177,986)
Dividends paid to non-controlling interests		(69,150)	(94,710)
Net cash used in financing activities		(343,299)	(389,120)
Net (decrease)/increase in cash and cash equivalents		(418,988)	23,374
Cash and cash equivalents at 1 January		2,521,902	2,498,528
Cash and cash equivalents at 31 December	17(a)	2,102,914	2,521,902

The notes on pages 92 to 144 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

1 Corporate and Group information

The Cross-Harbour (Holdings) Limited (the “Company”) is incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The registered address of the Company is 33rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are motoring school operations, treasury management and securities investment. The principal activities of the Company’s joint venture are electronic toll operation and smart city solutions.

In the opinion of the directors of the Company, the immediate holding company of the Company is Rose Dynamics Limited, which is incorporated in the British Virgin Islands (“BVI”), and the ultimate holding company of the Company is Windsor Dynasty Limited, which is incorporated in the BVI. These entities do not produce financial statements available for public use.

2 Material accounting policies

(a) Statement of compliance

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

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investments in debt and equity securities that are stated at their fair value (see note 2(f)).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(m) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 23(f). These investments are subsequently accounted for as follows, depending on their classification.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(f) Other investments in debt and equity securities (continued)

Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(r)(vi)), foreign exchange gains and losses are recognised in the profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see notes 2(r)(iii) and 2(r)(iv)).

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(g) Property, plant and equipment

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:

- freehold land and buildings; and
- interests in leasehold land and buildings where the Group is the registered owner of the property interest (see note 2(h));

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (see note 2(i)(ii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner under of the property interest (see note 2(h)); and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|---|--|
| – Leasehold land | Unexpired term of lease |
| – Interests in buildings situated on leasehold land | Shorter of the unexpired term of lease and the building's estimated useful lives, being no more than 50 years after the date of completion |
| – Furniture, fixtures and equipment | 3 - 10 years |
| – Motor vehicles | 3 - 5 years |
| – Yacht | 5 - 8 years |
| – Leasehold improvements | Remaining term of the lease |

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value assets such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(i)(ii)).

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to leasehold land and buildings where the group is the registered owner of the leasehold interest are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

Refundable rental deposits are accounted from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(f), 2(r)(vi) and 2(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets in “property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and unlisted fund investments, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the group expects to receive if the loan is drawn down.

The expected cash shortfalls for fixed-rate financial assets and trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof if the effect is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Measurement of ECLs (continued)

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the financial asset is 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the statement of financial position (see note 2(f)).

Basis of calculation of interest income

Interest income recognised in accordance with notes 2(r)(v) and 2(r)(vi) are calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- it is probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 365 days past due or when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(i) Credit losses and impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(r)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(k)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

All receivables are subsequently stated at amortised cost using the effective interest method and including allowance for credit losses (see note 2(i)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequent to initial recognition, trade and other payables at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i)(i).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For ORSO plans, the net obligation is after deducting the fair value of plan assets. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(o) Employee benefits (continued)

(ii) Defined benefit plan obligations (continued)

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. For ORSO plans, when the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets in ORSO plans (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) The principal source of income from motoring school operation is driving course fee income which is recognised in profit or loss upon the completion of the relevant training lessons.
- (ii) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.
- (iii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- (iv) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.
- (v) The portion of change in fair value of debt securities at FVPL, arising from interest income, is recognised as interest revenue from debt securities at FVPL, which is calculated using the effective interest method.
- (vi) Other interest revenue is recognised as it accrues using the effective interest method.
- (vii) Gain or loss on disposal of investments in debt and equity securities other than investments in subsidiaries, associates and joint ventures is recognised, on the trade date.
- (viii) Consultancy and management fee income from electronic toll operation are recognised at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated into the respective functional currencies of group companies at the exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting period. Foreign currency differences are generally recognised in profit or loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated exchange rate at the date of the transaction. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities that are measured at fair value are translated at the exchange rate at the date of the transaction.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(t) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(u) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are motoring school operation, treasury management and securities investment. Given below is an analysis of the revenue of the Group:

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	2025	2024
	\$'000	\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines:		
– Course fee from motoring school operation	759,518	781,269
– Consultancy fee and management fee from electronic toll operation	12,900	13,800
	772,418	795,069
Revenue from other sources		
– Dividend income from equity instruments	49,290	45,063
– Others	500	423
	49,790	45,486
Other interest revenue		
– Interest income from banks	103,616	128,776
– Interest income from interest-bearing instruments	3,768	7,220
	107,384	135,996
Total revenue	929,592	976,551

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

3 Revenue and segment reporting (continued)

(a) Revenue (continued)

- (ii) The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts recognised under HKFRS 15, such that it does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, as (i) such unsatisfied performance obligation is part of a contract that has an original expected duration of one year or less; or (ii) the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date in accordance with the practical expedient in HKFRS 15.B16.

(b) Segment reporting

The Group manages its businesses by divisions which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operation: this segment invests in subsidiaries which operate designated driving training centres.
- Electronic toll operation: this segment invests in a joint venture, which provides toll collection services free-flow tolling system (namely "HKEToll"), intelligent transportation and logistics management solutions, and smart city services solutions in Hong Kong.
- Treasury management: this segment manages an investment portfolio, including unlisted funds, equity securities, debt securities, and cash and bank deposits, to receive investment returns.

The segment information reported below does not include any amounts for the discontinued operation, which is described in more detail in note 7.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current and non-current assets with the exception of other corporate assets. Segment liabilities include trade creditors and lease liabilities attributable to the sales activities, the accruals of the individual segments, dividend payable and taxation payable managed directly by the segments with the exception of other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Motoring school operation		Electronic toll operation		Treasury Management		Total	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Revenue from contracts with customers within the scope of HKFRS 15	759,518	781,269	12,900	13,800	—	—	772,418	795,069
Dividend income from equity instruments	—	—	—	—	49,290	45,063	49,290	45,063
Other interest revenue	21,957	37,236	183	—	85,244	98,760	107,384	135,996
Reportable segment revenue	781,475	818,505	13,083	13,800	134,534	143,823	929,092	976,128
Reportable segment profit before taxation	285,057	311,301	29,493	23,433	637,237	349,003	951,787	683,737
Finance costs	(13,997)	(18,905)	—	—	—	—	(13,997)	(18,905)
Depreciation	(110,464)	(108,885)	—	—	(114)	(238)	(110,578)	(109,123)
Impairment loss of an associate	—	—	—	—	—	(2,474)	—	(2,474)
Share of profit of a joint venture	—	—	16,650	9,861	—	—	16,650	9,861
Income tax	(44,533)	(43,864)	(1,870)	(1,876)	(3,353)	38	(49,756)	(45,702)
Reportable segment assets	1,093,481	1,287,198	173,747	184,336	7,653,781	7,084,993	8,921,009	8,556,527
Interest in a joint venture	—	—	156,304	164,485	—	—	156,304	164,485
Additions to non-current segment assets	19,399	62,351	—	—	—	—	19,399	62,351
Reportable segment liabilities	597,966	839,708	83	166	6,649	—	604,698	839,874

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2025 \$'000	2024 \$'000
Revenue		
Reportable segment revenue	929,092	976,128
Unallocated head office and corporate revenue	500	423
	<u>929,592</u>	<u>976,551</u>
Consolidated revenue (continuing operations)	<u>929,592</u>	<u>976,551</u>
Profit		
Reportable segment profit before taxation derived from the Group's external customers	951,787	683,737
Unallocated head office and corporate income and expenses	(116,848)	(120,574)
	<u>834,939</u>	<u>563,163</u>
Consolidated profit before taxation (continuing operations)	<u>834,939</u>	<u>563,163</u>
Assets		
Reportable segment assets	8,921,009	8,556,527
Assets of discontinued operation	—	18,637
Unallocated head office and corporate assets	15,422	22,203
	<u>8,936,431</u>	<u>8,597,367</u>
Consolidated total assets	<u>8,936,431</u>	<u>8,597,367</u>
Liabilities		
Reportable segment liabilities	604,698	839,874
Unallocated head office and corporate liabilities	63,771	73,190
	<u>668,469</u>	<u>913,064</u>
Consolidated total liabilities	<u>668,469</u>	<u>913,064</u>

(iii) Geographic information

No additional information has been disclosed in respect of the Group's geographical information as the Group operates substantially in one geographical location which is Hong Kong.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

4 Other net gains

	2025 \$'000	2024 \$'000
Other net gains		
Changes in fair value of other financial assets at FVPL		
– Unlisted fund investments	119,893	122,069
– Equity securities	347,263	123,711
– Debt securities	(75)	41
– Treasury bills	473	—
	<u>467,554</u>	<u>245,821</u>
Net gains on disposal of property, plant and equipment	1,312	930
Others	(337)	2,958
	<u>468,529</u>	<u>249,709</u>

5 Profit before taxation

	2025 \$'000	2024 \$'000
Profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interest on lease liabilities (note 17(b))	<u>14,120</u>	<u>18,905</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

5 Profit before taxation (continued)

	2025 \$'000	2024 \$'000
(b) Other items		
Auditor's remuneration		
– Audit services	2,807	3,007
– Other services	643	553
	<u>3,450</u>	<u>3,560</u>
Depreciation (note 11)		
– Owned property, plant and equipment	14,596	13,674
– Right-of-use assets	101,660	100,800
	<u>116,256</u>	<u>114,474</u>
Dividend income		
– Equity securities at FVPL	(45,939)	(42,229)
– Equity securities at FVOCI (non-recycling)	(3,351)	(2,834)
	<u>(49,290)</u>	<u>(45,063)</u>
Reversal of Impairment losses on other financial assets		
– Interest-bearing instruments	(60,000)	–
Contributions to defined contribution retirement scheme	10,568	11,076
Salaries, wages and other benefits	403,185	416,280
Cost of inventories consumed	9,181	19,488
Net foreign exchange (gain)/loss	(1,426)	8,073

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

6 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 \$'000	2024 \$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	48,430	45,758
Under/(over)-provision in respect of prior years	1,043	(350)
	<u>49,473</u>	<u>45,408</u>
Deferred tax		
Origination of temporary differences (note 21(b))	272	289
	<u>49,745</u>	<u>45,697</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 \$'000	2024 \$'000
Profit before taxation from continuing operations	834,939	563,163
Notional tax on profit before taxation	137,591	92,748
Tax effect of non-deductible expenses	5,481	37,298
Tax effect of non-taxable income	(51,595)	(102,843)
Tax effect of unused tax losses not recognised	2,766	21,587
Tax effect of recognition of unused tax losses previously not recognised	(45,541)	(2,743)
Under/(over)-provision in prior years	1,043	(350)
Actual tax expense from continuing operations	<u>49,745</u>	<u>45,697</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

7 Discontinued Operation

Western Harbour Tunnel Company Limited, a 50% owned associate, operated the Western Harbour Tunnel under a 30 years franchise. The franchise expired on 1 August 2023 and the ownership of the tunnel was transferred to the Government. The tunnel operation was classified as discontinued operation since 2023. On 17 October 2025, the associate was dissolved (see note 13).

The results of the discontinued operation included in the profit for the year are set out below.

	2025	2024
	\$'000	\$'000
Profit for the year from discontinued operation:		
Share of profit of an associate	<u>18,694</u>	<u>3,442</u>
Profit for the year from discontinued operation and attributable to equity shareholders of the Company	<u><u>18,694</u></u>	<u><u>3,442</u></u>
Cash flows from discontinued operation:		
Net cash inflows from operating activities	—	29
Net cash inflows from investing activities	<u>37,331</u>	<u>—</u>
Net cash inflows	<u><u>37,331</u></u>	<u><u>29</u></u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

8 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees \$'000	Salaries, allowances and benefits in kind \$'000	Discretionary bonuses \$'000	Retirement scheme contributions \$'000	Total \$'000
2025					
Executive directors					
Cheung Chung Kiu	—	—	19,800	2	19,802
Yeung Hin Chung, John	—	6,370	7,200	18	13,588
Yuen Wing Shing	—	6,370	5,850	18	12,238
Wong Chi Keung	—	—	2,250	2	2,252
Leung Wai Fai	—	—	3,600	2	3,602
Tung Wai Lan, Iris	—	5,720	5,850	18	11,588
Independent non-executive directors					
Ng Kwok Fu	425	—	—	—	425
Leung Yu Ming, Steven	425	—	—	—	425
Wong Lung Tak, Patrick	540	—	—	—	540
	<u>1,390</u>	<u>18,460</u>	<u>44,550</u>	<u>60</u>	<u>64,460</u>
2024					
Executive directors					
Cheung Chung Kiu	—	—	19,800	2	19,802
Yeung Hin Chung, John	—	6,370	7,200	18	13,588
Yuen Wing Shing	—	6,370	5,850	18	12,238
Wong Chi Keung	—	—	2,250	2	2,252
Leung Wai Fai	—	—	3,600	2	3,602
Tung Wai Lan, Iris	—	5,720	5,850	18	11,588
Independent non-executive directors					
Ng Kwok Fu	425	—	—	—	425
Leung Yu Ming, Steven	425	—	—	—	425
Wong Lung Tak, Patrick	540	—	—	—	540
	<u>1,390</u>	<u>18,460</u>	<u>44,550</u>	<u>60</u>	<u>64,460</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

9 Individuals with highest emoluments

Of the 5 individuals with the highest emoluments, 4 (2024: 5) are directors whose emoluments are disclosed in note 8. The emolument of the other (2024: Nil) individual is disclosed as follows:

	2025 \$'000	2024 \$'000
Salaries and other emoluments	3,000	—
Discretionary bonuses	2,600	—
Retirement scheme contributions	216	—
	<u>5,816</u>	<u>—</u>

The emolument of the (2024: nil) individual is within the following band:

	2025 Number of individuals	2024 Number of individuals
\$5,500,001 - \$6,000,000	<u>1</u>	<u>—</u>

10 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$723,534,000 (2024: \$434,510,000) and the weighted average of 372,688,000 (2024: 372,688,000) ordinary shares in issue during the year.

Basic earnings per share are the same as diluted earnings per share as the Company has no potential dilutive shares.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

11 Property, plant and equipment

(a) Reconciliation of carrying amounts

	Ownership interests in leasehold land and buildings held for own use carried at cost \$'000	Other properties leased for own use carried at cost \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Yacht \$'000	Leasehold improvements \$'000	Sub-total \$'000	Interests in leasehold land held for own use \$'000	Total \$'000
Cost:									
At 1 January 2024	230,575	603,731	55,538	195,460	123,312	35,296	1,243,912	79,328	1,323,240
Additions	2,111	46,586	5,557	12,618	32	–	66,904	–	66,904
Disposals	(1,302)	–	(8,566)	(3,311)	(1,585)	–	(14,764)	–	(14,764)
At 31 December 2024	231,384	650,317	52,529	204,767	121,759	35,296	1,296,052	79,328	1,375,380
At 1 January 2025	231,384	650,317	52,529	204,767	121,759	35,296	1,296,052	79,328	1,375,380
Additions	3,132	3,304	2,844	10,203	1	–	19,484	–	19,484
Disposals	–	–	(1,243)	(10,224)	–	–	(11,467)	–	(11,467)
At 31 December 2025	234,516	653,621	54,130	204,746	121,760	35,296	1,304,069	79,328	1,383,397
Accumulated depreciation:									
At 1 January 2024	116,747	296,722	49,168	165,398	123,144	30,979	782,158	21,318	803,476
Charge for the year	4,855	95,215	2,572	10,802	176	124	113,744	730	114,474
Written back on disposals	(1,302)	–	(8,566)	(3,311)	(1,585)	–	(14,764)	–	(14,764)
At 31 December 2024	120,300	391,937	43,174	172,889	121,735	31,103	881,138	22,048	903,186
At 1 January 2025	120,300	391,937	43,174	172,889	121,735	31,103	881,138	22,048	903,186
Charge for the year	5,786	95,145	3,985	10,605	6	–	115,527	729	116,256
Written back on disposals	–	–	(1,236)	(10,148)	–	–	(11,384)	–	(11,384)
At 31 December 2025	126,086	487,082	45,923	173,346	121,741	31,103	985,281	22,777	1,008,058
Net book value:									
At 31 December 2025	108,430	166,539	8,207	31,400	19	4,193	318,788	56,551	375,339
At 31 December 2024	111,084	258,380	9,355	31,878	24	4,193	414,914	57,280	472,194

Interest in leasehold land situated in Hong Kong held for own use at 31 December 2025 and 2024 are under medium-term leases.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

11 Property, plant and equipment (continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2025 \$'000	2024 \$'000
Ownership interests in leasehold land and buildings held for own use, carried at cost in Hong Kong, with remaining lease term of:			
– between 10 and 50 years		108,431	111,084
Interests in leasehold land held for own use with remaining lease term of:			
– between 10 and 50 years		<u>56,551</u>	<u>57,280</u>
	(i)	<u>164,982</u>	168,364
Other properties leased for own use, carried at depreciated cost	(ii)	<u>166,539</u>	<u>258,380</u>
		<u><u>331,521</u></u>	<u><u>426,744</u></u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 \$'000	2024 \$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings held for own use	5,786	4,855
Interests in leasehold land held for own use	729	730
Other properties leased for own use	<u>95,145</u>	<u>95,215</u>
	<u><u>101,660</u></u>	<u><u>100,800</u></u>
Interest on lease liabilities (note 5(a))	<u>14,120</u>	<u>18,905</u>

During the year, additions to right-of-use assets were \$6,436,000 (2024: \$48,697,000). This amount primarily related to the capitalised lease payments payable under renewal of tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(c) and 23(b) respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds land and several commercial buildings for its ordinary course of business. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its driving schools, services centres and offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

12 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ place of operation	Particulars of issued and fully paid-up share capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Alpha Hero Limited	BVI/ Hong Kong	50,000 shares of US\$1 each	70%	—	70%	Holding company
Bigstar Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment
Clear Path Limited	BVI/ Hong Kong	500 shares of US\$1 each	100%	—	100%	Securities investment
Gold Harbour Investment Limited	Hong Kong/ Hong Kong	1 share	100%	—	100%	Holding company
Gold Faith Investments Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment
Join Harbour Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Property holding
MEG (HK) Limited	Hong Kong/ Hong Kong	1 share	70%	—	70%	Property holding
Motoring Excellence Group Limited	Hong Kong/ Hong Kong	1 share	70%	—	70%	Holding company
New Horizon School of Motoring Limited	Hong Kong/ Hong Kong	1 share	70%	—	70%	Designated driving school
HKSM Siu Lek Yuen Driving School Limited	Hong Kong/ Hong Kong	1 share	70%	—	70%	Designated driving school
HKSM Yuen Long Driving School Limited	Hong Kong/ Hong Kong	2 shares	70%	—	70%	Designated driving school
The Hong Kong School of Motoring Limited	Hong Kong/ Hong Kong	2,000,000 shares	70%	—	70%	Holding company
Newcheer Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment
NKT Driving School Limited	Hong Kong/ Hong Kong	1 share	70%	—	70%	Designated driving school
Smart Chance Global Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Holding of a yacht
Capital Choice Limited	Hong Kong/ Hong Kong	1 share	100%	—	100%	Money lending business

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

12 Investments in subsidiaries (continued)

Name of company	Place of incorporation/ place of operation	Particulars of issued and fully paid-up share capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
The Autopass Company Limited	Hong Kong/Hong Kong	70,000 "A" shares 30,000 "B" shares	100% —	100% —	— —	Investment holding and provision of consultancy services
Aquatic Assets Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Debenture holding
Master Warrior Holdings Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment
Phenomenal Combo Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment
Value Train Holdings Limited	BVI/ Hong Kong	1 share of US\$1	100%	—	100%	Securities investment

The following table lists out the information relating to Alpha Hero Limited and its subsidiaries ("AHL group"), the only group of subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025 \$'000	2024 \$'000
Gross amounts of AHL group's		
Current assets	666,557	787,356
Non-current assets	426,924	499,842
Current liabilities	(489,029)	(642,329)
Non-current liabilities	(108,937)	(197,379)
Net assets	495,515	447,490
NCI percentage	30%	30%
Carrying amount of NCI	148,654	134,247
Revenue	781,475	818,505
Profit for the year	240,524	267,437
Total comprehensive income	240,524	267,437
NCI percentage	30%	30%
Profit allocated to NCI	72,157	80,231
Dividend paid to NCI	57,750	90,210
Cash flows from operating activities	180,563	266,550
Cash flows used in investing activities	(159,892)	(24,012)
Cash flows used in financing activities	(304,542)	(412,753)

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

13 Interest in associates

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associates	Form of business structure	Place of incorporation and business	Proportion of ownership interest				Principal activity
			Group's effective interest		Held by a subsidiary		
			2025	2024	2025	2024	
Ace Season Investments Limited ("ASIL")	Incorporated	BVI	45%	45%	45%	45%	Inactive
Western Harbour Tunnel Company Limited ("WHTCL")	Incorporated	Hong Kong	–	50%	–	50%	Dissolved on 17 October 2025

The franchise granted to WHTCL expired on 1 August 2023 and the operation of tunnel was classified as discontinued operation as disclosed in note 7. On 17 October 2025, WHTCL was dissolved and it distributed cash amounted to HK\$37,331,000 to the Group.

An impairment loss of HK\$2,474,000 was recognised for interest in ASIL for the year ended 31 December 2024.

14 Interest in a joint venture

(a) Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation	Particulars of issued and fully paid up share capital	Proportion of ownership interest			Principal activity	Financial year end
				Group's effective interest	Held by the Company	Held by a subsidiary		
Autotoll (BVI) Limited	Incorporated	BVI	2 shares of US\$1 each	50%	–	50%	Electronic toll operation and smart city solutions	31 December

Autotoll (BVI) Limited, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

(b) Summarised financial information of the Group's interest in Autotoll (BVI) Limited:

	2025 \$'000	2024 \$'000
Carrying amount in the consolidated financial statements	156,304	164,485
Group's share of Autotoll (BVI) Limited:		
Profit before taxation	16,650	9,861
Other comprehensive income	169	(126)
Profit and total comprehensive income	16,819	9,735

(c) The amount due from a joint venture is unsecured, interest-free and has no fixed terms of repayment.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

15 Other financial assets

	Note	2025 \$'000	2024 \$'000
Non-current			
Financial assets designated at FVOCI (non-recycling)			
– Equity securities listed in Hong Kong*	(i)	60,231	54,950
Financial assets measured at FVPL			
– Unlisted fund investments	(ii)	3,627,961	3,743,714
– Unlisted equity securities		—	3,186
		<u>3,627,961</u>	<u>3,746,900</u>
		<u>3,688,192</u>	<u>3,801,850</u>
Current			
Financial assets measured at FVPL			
– Equity securities listed in Hong Kong*	(iii)	1,145,439	844,468
– Equity securities listed outside Hong Kong*	(iv)	348,595	372,178
– Treasury bills listed outside Hong Kong*		58,259	—
– Debt securities listed outside Hong Kong*		277	352
		<u>1,552,570</u>	<u>1,216,998</u>
Financial assets measured at amortised cost			
– Unsecured, interest-bearing instruments	(v)	—	60,000
Less: loss allowance		—	(60,000)
		<u>—</u>	<u>—</u>
		<u>1,552,570</u>	<u>1,216,998</u>
Total		<u>5,240,762</u>	<u>5,018,848</u>

* Fair value measured using unadjusted quoted price in active markets. Details of fair value measurement of financial assets are set out in note 23(f).

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

15 Other financial assets (continued)

Notes:

- (i) The Group designated these investments at FVOCI (non-recycling), as they are held for strategic purposes. Net fair value gain of \$5,281,000 (2024: net fair value gain of \$1,727,000) was recognised in other comprehensive income and dividends amounted to \$3,351,000 (2024: \$2,834,000) were received and recognised in profit or loss during the year. Neither addition nor disposal was noted during current and prior year.
- (ii) As at 31 December 2025, the Group's unlisted fund investments comprised of 46 (31 December 2024: 50) private equity funds. The Group managed the price risk through diversification of investment portfolio. The underlying investments held by these funds include listed and unlisted equity securities, debt securities, private equity funds, structured products and venture capital deals in various regions, covering various industries and sectors including air freight, automobile, biotechnology, chemicals, e-Commerce, enterprise software, energy, healthcare and related services, information technology, internet services, industrials and infrastructure, logistic, pharmaceuticals and transportation. The fair value of these investments may change significantly based on broader macroeconomic conditions, overall capital and investment markets conditions, and factors associated with underlying assets within the private fund portfolio.
- (iii) As at 31 December 2025, the fair value of equity securities listed in Hong Kong and measured at FVPL amounted to \$1,145,439,000 (2024: \$844,468,000), and net fair value gain of \$338,366,000 (2024: net fair value gain of \$142,513,000) was recognised in profit or loss for the year.
- (iv) As at 31 December 2025, the Group's investments in listed equity securities outside Hong Kong and measured at FVPL amounted to \$348,595,000 (2024: \$372,178,000). These are equity securities listed in the USA, Canada, the United Kingdom and Japan, and net fair value gain of \$12,083,000 (2024: net fair value gain of \$66,213,000) was recognised in profit or loss for the year.
- (v) The balance as at 31 December 2024 represents an interest-bearing instrument which is unsecured and interest-bearing at 12% per annum. Loss allowances are fully provided for the interest-bearing instrument with a gross amount of \$60,000,000 as at 31 December 2024. The balance was fully recovered during the year ended 31 December 2025 and impairment loss of \$60,000,000 provided in years earlier was reversed during the current year.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

16 Trade and other receivables

	2025 \$'000	2024 \$'000
Trade receivables	10,099	12,972
Other receivables	29,825	37,422
	<u>39,924</u>	<u>50,394</u>
Deposits and prepayments (note)	113,217	94,536
	<u>153,141</u>	<u>144,930</u>
Less: non-current deposits and prepayments	(63,894)	(45,620)
	<u>89,247</u>	<u>99,310</u>

Note: As at 31 December 2025, included in deposits and prepayments of the Group is an amount of \$63,894,000 (2024: \$45,620,000) which is related to the Group's deposits placed for the properties leased for own use as driving schools. These amounts are expected to be recovered or recognised as expense after more than one year.

The remaining balance of the trade and other receivables as at 31 December 2025 and 2024 are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	2025 \$'000	2024 \$'000
Within 1 month	9,088	12,069
1 to 2 months	648	319
2 to 3 months	86	198
Over 3 months	277	386
	<u>10,099</u>	<u>12,972</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

17 Bank deposits and cash

(a) Cash and cash equivalents comprise

	2025 \$'000	2024 \$'000
Deposits with banks and other financial institutions	2,651,988	2,357,548
Cash at bank and in hand	<u>347,836</u>	<u>409,874</u>
Bank deposits and cash in the consolidated statement of financial position	<u>2,999,824</u>	<u>2,767,422</u>
Less: Deposits with original maturity over three months	<u>(896,910)</u>	<u>(245,520)</u>
Cash and cash equivalents in the consolidated cash flow statement	<u><u>2,102,914</u></u>	<u><u>2,521,902</u></u>

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Dividends payable \$'000	Lease liabilities \$'000	Total \$'000
At 1 January 2025	<u>1,635</u>	<u>297,925</u>	<u>299,560</u>
Changes from financing cash flows:			
Interest element of lease rentals paid	—	(14,120)	(14,120)
Capital element of lease rentals paid	—	(102,505)	(102,505)
Dividends paid	<u>(157,524)</u>	<u>—</u>	<u>(157,524)</u>
Total changes from financing cash flows	<u>(157,524)</u>	<u>(116,625)</u>	<u>(274,149)</u>
Other changes:			
Increase in lease liabilities from entering into the renewal of leases during the year	—	3,304	3,304
Interest expenses (note 5(a))	—	14,120	14,120
Dividends declared in respect of the previous years (note 22(b)(ii))	89,445	—	89,445
Dividends declared in respect of the current year (note 22(b)(i))	<u>67,084</u>	<u>—</u>	<u>67,084</u>
Total other changes	<u>156,529</u>	<u>17,424</u>	<u>173,953</u>
At 31 December 2025	<u><u>640</u></u>	<u><u>198,724</u></u>	<u><u>199,364</u></u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

17 Bank deposits and cash (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Dividends payable \$'000	Lease liabilities \$'000	Total \$'000
At 1 January 2024	23,092	348,859	371,951
Changes from financing cash flows:			
Interest element of lease rentals paid	—	(18,905)	(18,905)
Capital element of lease rentals paid	—	(97,519)	(97,519)
Dividends paid	(177,986)	—	(177,986)
Total changes from financing cash flows	(177,986)	(116,424)	(294,410)
Other changes:			
Increase in lease liabilities from entering into the renewal of leases during the year	—	46,585	46,585
Interest expenses (note 5(a))	—	18,905	18,905
Dividends declared in respect of the previous years (note 22(b)(ii))	89,445	—	89,445
Dividends declared in respect of the current year (note 22(b)(i))	67,084	—	67,084
Total other changes	156,529	65,490	222,019
At 31 December 2024	1,635	297,925	299,560

(c) Total cash outflow for leases

Cash outflows included in the consolidated cash flow statement for leases comprise the following:

	2025 \$'000	2024 \$'000
Within financing cash flows	116,625	116,424

These amounts relate to the following:

	2025 \$'000	2024 \$'000
Lease rentals paid	116,625	116,424

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

18 Trade and other payables

	2025 \$'000	2024 \$'000
Trade payables	2,655	6,980
Other payables and accruals	<u>129,990</u>	<u>141,362</u>
	<u>132,645</u>	<u>148,342</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	2025 \$'000	2024 \$'000
Within 1 month	1,437	1,341
1 month to 3 months	434	248
Over 3 months but within 6 months	<u>784</u>	<u>5,391</u>
	<u>2,655</u>	<u>6,980</u>

19 Contract liabilities

	2025 \$'000	2024 \$'000
Course fee received in advance	<u>329,881</u>	<u>453,516</u>

Note:

The revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year amounted to \$362,075,000 (2024: \$466,268,000).

When the Group receives the prepayments for course fees before commencement of motoring courses, this gives rise to contract liabilities at the start of a contract, until the completion of the relevant training lessons at which time related revenue is recognised. The Group typically receives the amounts in full before relevant courses commence.

All the amount of receipts in advance of performance are expected to be substantially recognised as income within twelve months from the reporting date.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

20 Lease liabilities

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 \$'000	2024 \$'000
Within 1 year	92,982	101,814
After 1 year but within 2 years	105,575	91,649
After 2 years but within 5 years	167	104,462
	<u>105,742</u>	<u>196,111</u>
	<u>198,724</u>	<u>297,925</u>

21 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2025 \$'000	2024 \$'000
Provision for Hong Kong Profits Tax for the year	58,152	45,758
Provisional Profits Tax paid	<u>(54,768)</u>	<u>(37,079)</u>
	<u>3,384</u>	<u>8,679</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

21 Income tax in the consolidated statement of financial position (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Unrealised gains on equity securities \$'000	Tax losses recognised \$'000	Depreciation allowances in excess of the related depreciation \$'000	Total \$'000
Deferred tax arising from:				
At 1 January 2024	—	(1,290)	3,924	2,634
Charged/(credited) to profit or loss	36,733	(35,765)	(679)	289
At 31 December 2024	36,733	(37,055)	3,245	2,923
At 1 January 2025	36,733	(37,055)	3,245	2,923
Charged/(credited) to profit or loss	21,772	(21,272)	(228)	272
At 31 December 2025	58,505	(58,327)	3,017	3,195
			2025	2024
			\$'000	\$'000
Net deferred tax assets recognised in the consolidated statement of financial position			—	(44)
Net deferred tax liabilities recognised in the consolidated statement of financial position			3,195	2,967
			3,195	2,923

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of \$1,216,335,000 (2024: \$1,531,367,000) as it is not probable that future taxable profits against which the unused tax losses can be utilised will be available. The tax losses do not expire under the current tax legislation.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

22 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Share capital \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2024	1,629,461	6,345,943	7,975,404
Changes in equity for 2024:			
Dividends declared in respect of the previous year (note 22(b))	—	(89,445)	(89,445)
Profit and total comprehensive income for the year	—	218,135	218,135
Dividends declared in respect of the current year (note 22(b))	—	(67,084)	(67,084)
	<u>1,629,461</u>	<u>6,407,549</u>	<u>8,037,010</u>
Balance at 31 December 2024 and 1 January 2025	1,629,461	6,407,549	8,037,010
Changes in equity for 2025:			
Dividends declared in respect of the previous year (note 22(b))	—	(89,445)	(89,445)
Loss and total comprehensive income for the year	—	(230,029)	(230,029)
Dividends declared in respect of the current year (note 22(b))	—	(67,084)	(67,084)
	<u>1,629,461</u>	<u>6,020,991</u>	<u>7,650,452</u>
Balance at 31 December 2025	<u>1,629,461</u>	<u>6,020,991</u>	<u>7,650,452</u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

22 Capital, reserves and dividends (continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2025 \$'000	2024 \$'000
Interim dividends declared of \$0.18 per share (2024: \$0.18 per share)	67,084	67,084
Final dividend proposed after the end of the reporting period \$0.24 per share (2024: \$0.24 per share)	<u>89,445</u>	<u>89,445</u>
	<u><u>156,529</u></u>	<u><u>156,529</u></u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2025 \$'000	2024 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of \$0.24 per share (2024: \$0.24 per share)	<u>89,445</u>	<u>89,445</u>

(c) Share capital

Issued share capital

	2025		2024	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	<u>372,688</u>	<u>1,629,461</u>	<u>372,688</u>	<u>1,629,461</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

22 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves

(i) *Capital reserve*

The capital reserve has been set up and are dealt with the negative goodwill for acquisition before 1 January 2001.

(ii) *Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity securities designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(f)).

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(s).

(e) Distributability of reserves

At 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK\$6,020,991,000 (2024: HK\$6,407,549,000). After the end of the reporting period, the directors of the Company proposed a final dividend of HK\$0.24 (2024: HK\$0.24) per share, amounting to HK\$89,445,000 (2024: HK\$89,445,000) (Note 22(b)(ii)). These dividends have not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2025, the Group did not have external bank borrowings. Adjusted capital comprises all components of equity less unaccrued proposed dividends. In order to monitor its capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

22 Capital, reserves and dividends (continued)

(f) Capital management (continued)

The adjusted capital at 31 December 2025 and 2024 was as follows:

	2025 \$'000	2024 \$'000
Total equity	8,267,962	7,684,303
Less: proposed dividend (note 22(b))	<u>(89,445)</u>	<u>(89,445)</u>
	<u>8,178,517</u>	<u>7,594,858</u>

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. Management monitors the Group's credit risk exposure on an ongoing basis.

Bank deposits

The Group's exposure to credit risk arising from bank deposits is limited because the counterparties are banks and financial institutions with sound credit ratings, which the Group considers the credit risk is low.

Trade and other receivables

Credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Trade receivables are primarily derived from timing differences between sales transactions and deposits received from banks and financial institutions. The Group's exposure to credit risk arising from trade receivables is limited because the counterparties are banks and financial institutions with sound credit ratings, which the Group considers is low credit risk.

The Group's exposure to credit risk arising from refundable rental deposits is also considered low, taking into account (i) the credit ratings of the landlords and (ii) the remaining lease terms and the periods covered by the rental deposits.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay, are within one year or on demand, except for the lease liabilities as disclosed below:

	2025				Carrying amount at 31 December	2024				Carrying amount at 31 December
	Contractual undiscounted cash outflow					Contractual undiscounted cash outflow				
	After 1 year	After 2 year				After 1 year	After 2 year			
	Within 1 year	but within 2 years	but within 5 years	Total		Within 1 year	but within 2 years	but within 5 years	Total	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Lease liabilities	101,838	90,916	19,053	211,807	198,724	115,826	100,388	108,643	324,857	297,925

(c) Interest rate risk

The Group is exposed to interest rate risk through the impact of rates changes on interest income from floating rate income-earning financial assets, and the impact of rate changes on the fair value of fixed rate instruments at FVPL. The Group invests in listed debt securities with fixed coupon rate and treasury bills with fixed interest rate. The Group manages its interest rate risk regularly by monitoring the interest rate profile of its investments. The Group did not enter into any interest rate swaps instrument during 2024 and 2025.

The following table details the interest rate profile of the Group's interest-bearing financial assets at the end of the reporting period.

	Fixed/floating	2025	2024
		Carrying amount \$'000	Carrying amount \$'000
Cash at bank	Floating	347,652	409,874
Bank deposits	Fixed	2,651,988	2,357,548
Debt securities measured at FVPL	Fixed	277	352
Treasury bills measured at FVPL	Fixed	58,259	—

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points (2024: 100 basis points) in interest rates, with all other variables held constant, would have:

- (i) increased/decreased the Group's profit after tax and retained profits by approximately \$2,903,000 (2024: \$3,422,000) in response to the impact of general increase/decrease in interest rate on interest income from bank deposits and cash at floating rate;
- (ii) increased/decreased the Group's profit after tax and retained profits by approximately \$22,144,000 (2024: \$19,686,000) in response to the impact of general increase/decrease in interest rate on interest income from bank deposits and cash at fixed rate;
- (iii) decreased/increased the Group's profit after tax and retained profits by approximately \$2,000 (2024: \$3,000) in response to the impact of general increase/decrease in interest rate on the fair value of debt securities at FVPL; and
- (iv) decreased/increased the Group's profit after tax and retained profits by approximately \$486,000 (2024: \$Nil) in response to the impact of general increase/decrease in interest rate on the fair value of treasury bills at FVPL.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest income of such a change in interest rates. The analysis is performed on the same basis as 2024, except for the basis points after taking into consideration of the fluctuation of historical interest rate during the year ended 31 December 2025 as well as its recent market trends.

(d) Currency risk

The Group has foreign currency monetary assets and liabilities that are denominated in currencies other than the functional currency of the entity to which they relate. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at the dates of the transactions giving rise to these monetary items are recognised in profit or loss.

The Group is exposed to currency risk primarily through its investments in securities and cash balances denominated in currencies other than its functional currency. The currencies giving rise to this risk are primarily Australian dollars, Japanese yen and Pound sterling.

In respect of the Group's assets denominated in United States dollars, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

Management of the Group continuously monitors the Group's exposure to such foreign currency risks to ensure they are at manageable levels.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in currencies other than the functional currency of the entity to which they relate and the United States dollars. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

	Foreign currency	Exposure to foreign currencies (expressed in Hong Kong dollars)	
		2025	2024
		\$'000	\$'000
Bank deposits and cash	Australian dollar	7,189	6,544
	Canadian dollar	39	463
Equity securities listed outside	Pound sterling	99,555	111,607
Hong Kong	Canadian dollar	—	17,197
	Japanese yen	37,550	29,988
Unlisted fund investments	Australian dollar	91,171	100,489

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025			2024		
		Effect on profit after tax and retained profits \$'000	Effect on other components of equity \$'000		Effect on profit after tax and retained profits \$'000	Effect on other components of equity \$'000
Australian dollar	10%	8,213	—	10%	8,937	—
	(10)%	(8,213)	—	(10)%	(8,937)	—
Pound sterling	10%	8,312	—	10%	9,319	—
	(10)%	(8,312)	—	(10)%	(9,319)	—
Canadian dollar	10%	3	—	10%	1,475	—
	(10)%	(3)	—	(10)%	(1,475)	—
Japanese Yen	10%	3,135	—	10%	2,504	—
	(10)%	(3,135)	—	(10)%	(2,504)	—

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(e) Equity price risk

The Group is exposed to market price risk arising from the equity investments held at the end of the reporting period (see note 15).

The following table details the Group's equity investments at the end of the reporting period and fair value gain/(loss) recognised during the year.

	2025		2024	
	Fair value gain/(loss) \$'000	Carrying amount at 31 December \$'000	Fair value gain/(loss) \$'000	Carrying amount at 31 December \$'000
Financial assets designated at FVOCI (non-recycling)				
– Equity securities listed in Hong Kong	5,281	60,231	1,727	54,950
Financial assets measured at FVPL				
– Unlisted equity securities	(3,186)	—	(85,015)	3,186
– Equity securities listed in and outside Hong Kong	350,449	1,494,034	208,726	1,216,646

Decisions to buy or sell the listed equity securities are based on daily monitoring of the performance of individual securities as well as the Group's liquidity needs. Listed equity securities that are not held for trading purposes have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The Group's unlisted equity securities are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities together with an assessment of their relevance of the Group's long term strategic plans.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(e) Equity price risk (continued)

At 31 December 2025, it is estimated that an increase/decrease of 10% (2024: 10%) in the fair value of the Group's all listed and unlisted equity securities, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2025			2024		
	Effect on profit after tax and retained profits \$'000	Effect on other components of equity \$'000		Effect on profit after tax and retained profits \$'000	Effect on other components of equity \$'000	
<i>Change in the relevant equity price risk variable:</i>						
Increase	10%	130,504	6,023	10%	108,049	5,495
Decrease	(10)%	(130,504)	(6,023)	(10)%	(108,049)	(5,495)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in fair value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that all other variables remain constant. The analysis is performed on the same basis as 2024.

The fair value of unlisted fund investments may not have a direct correlation with the trend of stock market indices, given the marketability of such unlisted fund investments are not comparable with the listed equity securities. Based on a sensitivity analysis performed as at 31 December 2025, it was estimated that an increase/decrease of 100 basis point in the market value of the Group's unlisted fund investments, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately \$36,280,000 (2024: \$37,437,000). The analysis has been performed on the same basis as for 2024.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

	Fair value at	Fair value measurements as at			Fair value at	Fair value measurements as at		
	31 December	31 December 2025 categorised into			31 December	31 December 2024 categorised into		
	2025	Level 1	Level 2	Level 3	2024	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurements								
<i>Assets</i>								
Financial assets measured at FVOCI (non-recycling):								
- Equity securities listed in Hong Kong	60,231	60,231	-	-	54,950	54,950	-	-
Financial assets measured at FVOCI (recycling):								
- Debt securities listed outside Hong Kong	-	-	-	-	-	-	-	-
Financial assets measured at FVPL:								
- Unlisted fund investments	3,627,961	-	1,870	3,626,091	3,743,714	-	2,095	3,741,619
- Unlisted equity security	-	-	-	-	3,186	-	-	3,186
- Equity securities listed in Hong Kong	1,145,439	1,145,439	-	-	844,468	844,468	-	-
- Equity securities listed outside Hong Kong	348,595	348,595	-	-	372,178	372,178	-	-
- Debt securities listed outside Hong Kong	277	277	-	-	352	352	-	-
- Treasury bills listed outside Hong Kong	58,259	58,259	-	-	-	-	-	-
	<u>5,240,762</u>	<u>1,612,801</u>	<u>1,870</u>	<u>3,626,091</u>	<u>5,018,848</u>	<u>1,271,948</u>	<u>2,095</u>	<u>3,744,805</u>

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the unlisted fund investments in Level 2 is determined by reference to the prices at the reporting date provided by the investment managers and have been translated using the exchange rates at the end of the reporting period where appropriate.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements

The fair value of unlisted equity security is determined using the price/sales ratios of comparable listed companies under market approach.

Instruments	Valuation techniques	Significant unobservable inputs	Market multiples	Change in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
As at 31 December 2024					
- Unlisted equity security	Market comparable companies	Enterprise Value-to-Sales	3.92	+/-5%	+/- \$3,283,000

The Group's unlisted private funds categorised in Level 3 were managed by unrelated asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of these funds was recorded based on valuations provided by the fund managers. These valuations were measured by the percentage of ownership of the private equity's net asset value, which was an unobservable input. The fund managers estimated the fair value of underlying investments based on direct market quote for level 1 financial instruments. For other investments, the fund managers applied appropriate valuation techniques such as latest transaction price, discounted cash flow, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models were calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

23 Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2025 \$'000	2024 \$'000
Financial assets measured at FVPL:		
– Unlisted fund investments:		
At 1 January	3,741,619	3,798,441
Payment for capital contribution	519,503	375,248
Proceeds from distribution	(751,806)	(554,248)
Changes in fair value recognised in profit or loss during the year	<u>116,775</u>	<u>122,178</u>
At 31 December	<u><u>3,626,091</u></u>	<u><u>3,741,619</u></u>
– Unlisted equity security:		
At 1 January	3,186	88,201
Changes in fair value recognised in profit or loss during the year	<u>(3,186)</u>	<u>(85,015)</u>
At 31 December	<u><u>—</u></u>	<u><u>3,186</u></u>

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

24 Commitments

Investment commitment

The Group makes capital commitments to various funds. At the end of the reporting period, the Group had the following outstanding commitments to make capital contributions to investment vehicles:

	2025	2024
	\$'000	\$'000
Unlisted fund investments	<u>1,675,083</u>	<u>1,408,899</u>

During the year, the Group, through an indirectly wholly-owned subsidiary, entered into subscriptions for two unlisted funds with total capital commitments of USD100 million (approximately HK\$780.0 million). Total capital contributions of USD24.2 million (approximately HK\$188.8 million) were made during the year for these funds, and the outstanding commitments amounted to USD75.8 million (approximately HK\$591.2 million) as at 31 December 2025. A discloseable transaction relating to these subscription was announced on 3 April 2025.

25 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

All members of key management personnel are board members, and their remuneration is disclosed in note 8.

(b) Other related party transactions

During the year, the Group was involved in the following material related party transactions, none of which is regarded as a “connected transaction” as defined under the Listing Rules.

- (i) The Group received consultancy fees and management fee income from a joint venture of \$12,900,000 (2024: \$13,800,000).

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

26 Company-level statement of financial position

	<i>Note</i>	2025 \$'000	2024 \$'000
Non-current assets			
Property, plant and equipment		1,892	6,394
Investments in subsidiaries		588,521	863,718
Amounts due from subsidiaries		6,187,483	6,627,396
		<u>6,777,896</u>	<u>7,497,508</u>
Current assets			
Trade and other receivables		8,262	4,588
Bank deposits and cash		1,579,397	1,120,409
		<u>1,587,659</u>	<u>1,124,997</u>
Current liabilities			
Trade and other payables		61,382	61,005
Dividends payable		640	1,635
		<u>62,022</u>	<u>62,640</u>
Net current assets		<u>1,525,637</u>	<u>1,062,357</u>
Total assets less current liabilities		8,303,533	8,559,865
Non-current liability			
Amounts due to subsidiaries		653,081	522,855
NET ASSETS		<u>7,650,452</u>	<u>8,037,010</u>
CAPITAL AND RESERVES			
	22(a)		
Share capital		1,629,461	1,629,461
Reserves		6,020,991	6,407,549
TOTAL EQUITY		<u>7,650,452</u>	<u>8,037,010</u>

Approved and authorised for issue by the board of directors on 20 March 2026.

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

27 Non-adjusting event after the reporting period

After the end of the reporting period the directors of the Company proposed a final dividend. Further details are disclosed in note 22(b).

28 Immediate and ultimate controlling party

At 31 December 2025, the directors of the Company consider the immediate parent and ultimate parent undertaking as defined in Schedule 1 of the Hong Kong Companies Ordinance to be Rose Dynamics Limited and Windsor Dynasty Limited respectively, which are incorporated in the BVI. These entities do not produce financial statements available for public use. The directors of the Company consider the ultimate controlling party to be Mr. Cheung Chung Kiu.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures - Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements. The group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

Five Year Summary

(Expressed in Hong Kong dollars)

	2021 \$'000 (restated)	2022 \$'000 (restated)	2023 \$'000	2024 \$'000	2025 \$'000
Consolidated statement of profit or loss					
Revenue from continuing operations	<u>697,166</u>	<u>699,660</u>	<u>875,164</u>	<u>976,551</u>	<u>929,592</u>
(Loss)/profit attributable to equity shareholders of the Company for the year	<u>(511,925)</u>	<u>(791,179)</u>	<u>224,086</u>	<u>431,068</u>	<u>704,840</u>
Profit attributable to equity shareholders of the Company for the year from a discontinued operation	<u>462,680</u>	<u>345,929</u>	<u>295,888</u>	<u>3,442</u>	<u>18,694</u>
Dividends payable to equity shareholders of the Company attributable to the year	<u>156,529</u>	<u>156,529</u>	<u>156,529</u>	<u>156,529</u>	<u>156,529</u>
Consolidated statement of financial position					
Property, plant and equipment	320,433	236,037	519,764	472,194	375,339
Interest in associates	571,492	291,315	2,474	—	—
Interest in a joint venture	149,292	148,844	159,750	164,485	156,304
Other financial assets	2,968,717	3,343,861	3,942,069	3,801,850	3,688,192
Deposits and prepayments	74,441	45,315	44,880	45,620	63,894
Deferred tax assets	3,065	2,216	1,163	44	—
Current assets	<u>4,280,457</u>	<u>3,772,548</u>	<u>3,845,745</u>	<u>4,113,174</u>	<u>4,652,702</u>
	8,367,897	7,840,136	8,515,845	8,597,367	8,936,431
Current liabilities	800,547	782,585	828,992	713,986	559,532
Deferred tax liabilities	2,182	1,957	3,797	2,967	3,195
Lease liabilities	<u>27,195</u>	<u>11,994</u>	<u>270,023</u>	<u>196,111</u>	<u>105,742</u>
NET ASSETS	<u>7,537,973</u>	<u>7,043,600</u>	<u>7,413,033</u>	<u>7,684,303</u>	<u>8,267,962</u>
Capital and reserves					
Share capital and other statutory capital reserves	1,629,461	1,629,461	1,629,461	1,629,461	1,629,461
Other reserves	<u>5,707,117</u>	<u>5,230,855</u>	<u>5,585,724</u>	<u>5,865,344</u>	<u>6,437,748</u>
Total equity attributable to equity shareholders of the Company	7,336,578	6,860,316	7,215,185	7,494,805	8,067,209
Non-controlling interests	<u>201,395</u>	<u>183,284</u>	<u>197,848</u>	<u>189,498</u>	<u>200,753</u>
TOTAL EQUITY	<u>7,537,973</u>	<u>7,043,600</u>	<u>7,413,033</u>	<u>7,684,303</u>	<u>8,267,962</u>

Note: The franchise for operating the Western Harbour Tunnel expired on 1 August 2023, and the tunnel operation was classified as a discontinued operation. The corresponding profit for the year was presented as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income, and the comparative figures have been restated accordingly.