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中國光大控股有限公司
CHINA EVERBRIGHT LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 165)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the annual report of China Everbright Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) for the year ended 31 December 2025 (the “**Annual Report**”) published on 16 April 2026, with respect to, amongst other things, the consolidated results of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following supplemental information to the shareholders of the Company regarding provision of advances to customers and its interest receivables. Capitalised terms used in this announcement shall adopt the same meanings as defined in the Annual Report, unless the context requires otherwise.

Analysis of the advances to customers as at 31 December 2025

HKD'000	Gross amount (a)		Impairment allowance (b)		Net carrying value (c = a-b)		Impairment losses recognised in the statement of profit or loss in 2025		Average provision ratio on advances to customers (b)/(a)
	Advances to customers	Interest receivables	Advances to customers	Interest receivables	Advances to customers	Interest receivables	Advances to customers	Interest receivables	
Real Estate	4,920,595	846,094	2,041,213	497,908	2,879,382	348,186	1,122,580	268,813	41%
Customer 1	2,756,804	39,789	665,932	9,615	2,090,872	30,174	581,577	8,806	24%
Customer 2	725,626	332,914	427,822	206,079	297,804	126,835	301,163	149,389	59%
Customer 3	653,219	220,482	336,536	113,591	316,683	106,891	173,464	71,097	52%
Customer 4	261,391	133,433	221,695	109,457	39,696	23,976	57,962	33,142	85%
Customer 5	176,882	79,417	42,555	19,107	134,327	60,310	8,414	6,525	24%
Customer 6	46,677	40,059	46,677	40,059	-	-	-	(146)	100%
Others (fully impaired)	299,996	-	299,996	-	-	-	-	-	100%
Others	784,166	118,933	414,375	61,690	369,791	57,243	221,494	21,890	53%
Total	5,704,761	965,027	2,455,588	559,598	3,249,173	405,429	1,344,074	290,703	43%

Notes:

- (1) Advances to customers are stated in note 20 of the Notes to the Financial Statements in the Annual Report.
- (2) Interest receivable from advances to customers is included within “Debtors, deposits, prepayments and others” in note 22 of the Notes to the Financial Statements in the Annual Report.

- (3) Customer 1 is an associate company of the Group engaged in real estate development and asset management in Chinese Mainland, with an advance period covering January 2023 to December 2026. The Group's primary considerations for making impairment provisions on its advances are based on several compounding risk factors: (i) the customer's 2025 financial performance remained weak, failed to break even for a third consecutive year, with losses showing no signs of narrowing, which has led to an accelerated decline in its book value; (ii) liquidity further deteriorated following the customer's inability to refinance its bonds, marking a fourth consecutive year of net cash outflows; (iii) the pledged collateral primarily consists of low-liquidity receivables, and the recent issuance of new loans against this same collateral pool has further diluted its relative value; and (iv) the customer's leverage grew at an accelerated year-on-year pace while the Group's overall loan exposure to the customer simultaneously increased by approximately HK\$1.5 billion. Consequently, in accordance with Hong Kong Financial Reporting Standards (HKFRS), a consistent impairment provision percentage must be applied comprehensively across all exposures to this single customer. The advances to this customer is classified as stage 2 and the expected credit loss (the "ECL") is measured based on probability of default (the "PD") of 43% and loss given default (the "LGD") of 51%.
- (4) Customer 2 is a private equity fund managed by a subsidiary of customer 1, holding a mixed-use development project in Beijing, with an advance period covering November 2019 to January 2022. Several compounding risk factors necessitate impairment provisions: (i) the advances are over four years overdue with no foreseeable prospects for renewal; (ii) the project remains uncollateralized, with no additional collateral or credit enhancements secured; (iii) there are significant external bank loans with higher seniority; ongoing renewal discussions with these banks will likely require further concessions, potentially subordinating the Group's loan even further; (iv) in 2025, the underlying company's financial performance continued to deteriorate, sustaining ongoing losses, a reduced book value, and persistent net cash outflows. The valuation of the underlying project, as determined by an independent valuer, is also steadily declining, and given the weak liquidity in the local market, a substantial discount would be expected in the event of a near-term liquidation; and (v) as the local property market further weakens, evidenced by negative rental growth and rising vacancy rates, the investment team anticipates materially weakened cash flows ahead. The advances to this customer is classified as stage 3 and the ECL is measured based on PD of 100% and LGD of 53%.
- (5) Customer 3 is a private equity fund managed by a subsidiary of customer 1, indirectly holding a commercial project in Beijing, with an advance period covering August 2021 to December 2022. Several compounding risk factors necessitate impairment provisions: (i) the advances are over three years overdue with no foreseeable prospects for renewal; (ii) the project remains entirely uncollateralized, with no additional collateral or credit enhancements secured; (iii) the underlying company remains loss-making, resulting in a further reduction of its book value. Furthermore, the 2025 valuation of the underlying project, as determined by an independent valuer, continued to decline, notably reducing the loan coverage ratio after factoring in senior bank loans; and (iv) despite the full opening of the underlying project by year-end, available information necessitates a downgrade in cash flow expectations; weak onshore demand continues to exert pressure on operations, meaning cash flow is expected to improve at a much slower rate than previously anticipated. The advances to this customer is classified as stage 3 and the ECL is measured based on PD of 100% and LGD of 43%.

- (6) Customer 4 is a limited partnership managed by a subsidiary of customer 1, indirectly holding a logistics project in Shenyang, with an advance period covering February 2019 to February 2022. Impairment provisions are necessitated by several risk factors: the advances are now over three years overdue, and the underlying company continues to exhibit weak financial performance. Furthermore, the 2025 valuation of the underlying project has declined substantially, reducing the loan coverage ratio to approximately 20% after accounting for senior bank debt. The advances to this customer is classified as stage 3 and the ECL is measured based on PD of 100% and LGD of 81%.
- (7) Customer 5 is a private equity fund managed by a subsidiary of customer 1, holding a mixed-use development project in Chongqing, with an advance period covering November 2019 to November 2022. Impairment risks are attributable to the following four key factors: (i) the prolonged overdue status of the advances, exceeding three years with no foreseeable prospects for renewal; (ii) the entirely unsecured nature of the exposure; (iii) the persistently weak financial performance of the underlying company; and (iv) as determined by an independent valuer, the continued decline in the 2025 valuation of the underlying project. The advances to this customer is classified as stage 3 and the ECL is measured based on PD of 100% and LGD of 11%.
- (8) Customer 6 is a limited partnership managed by a subsidiary of customer 1, indirectly holding a logistics project in Hangzhou, with an advance period covering October 2020 to October 2021. Impairment is triggered by three key factors: the advances are now over five years overdue, the underlying company continues to exhibit weak financial performance, and there has been a notable 20% decline in the 2025 valuation of the underlying project. The advances to this customer is classified as stage 3 and fully impaired.
- (9) The total residual value represents less than 5% of the Group's total assets as of 31 December 2025.
- (10) Excluding customer 1, the advances to remaining customers have been overdue over 12 months.

Recovery actions

The real estate-related advances in question primarily pertain to customer 1. The Company is its largest shareholder and has appointed directors to its board, while also engaging in both equity and debt investments in customer 1 and its affiliates. Given the Company's deep participation in its operational governance, this is not an ordinary independent third-party lending relationship.

The Company has consistently implemented proactive control and recovery measures. First, by leveraging its board representation and governance rights in customer 1, the Company ensures timely access to the financial and operational data of the borrowers and the underlying projects, continuously monitoring the overall status of the exposure. Second, management holds regular, dedicated discussions with the borrowers regarding operational matters and repayment plans to advance debt settlement. Third, the Company actively leverages market resources to introduce strategic investors to the borrowers, thereby facilitating the disposal of the underlying projects.

Given the broadly depressed state of the current real estate market and the illiquidity of assets, the valuations of the underlying projects and the borrowers' repayment capabilities remain under severe pressure. Resorting to aggressive recovery actions, such as litigation or asset preservation measures, carries a high risk of triggering a cascading debt run and accelerating the deterioration of the borrowers' operations. Such actions would likely fail to recover the debt effectively and could force the borrowers into liquidation, resulting in substantial losses to the Company's equity investment and prejudicing the overall asset base and long-term interests of shareholders. Following a prudent and comprehensive assessment, the Board has concluded that the current combination of soft recovery measures and asset revitalization strategies will maximize the preservation of the Company's asset value and is in the core interests of the Company and its shareholders as a whole.

GENERAL

The information contained in this supplemental announcement does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

By Order of the Board
China Everbright Limited
Wan Kim Ying Kasina
Company Secretary

Hong Kong, 2 June 2026

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Lin Chun (*Chairman*)
Mr. Pan Jianyun
Mr. An Xuesong
Dr. Su Yang

Independent Non-executive Directors:

Dr. Lin Zhijun
Mr. Law Cheuk Kin Stephen
Mr. Wong Chun Sek Edmund
Dr. Young Danqing Xu