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2025 ANNUAL REPORT

永升服务集团有限公司

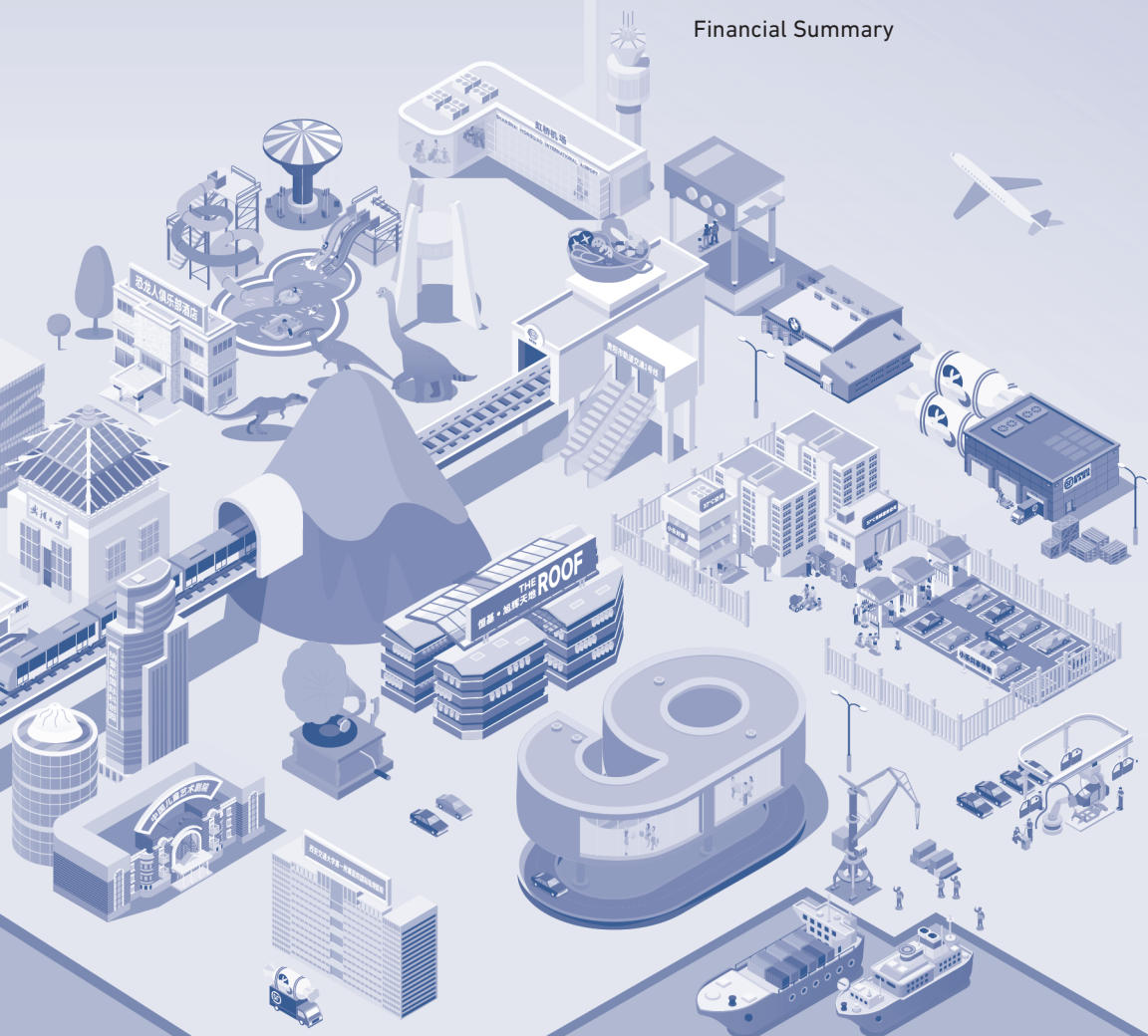
Ever Sunshine Services Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 01995

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LIN Zhong (*Chairman*)
Mr. ZHOU Hongbin (Resigned on 30 March 2026)
Mr. LIN Zhubo (Re-designated on 1 September 2025)
Mr. ZHOU Di

Non-executive Director

Ms. CUI Xiaoqing
Mr. LIN Zhubo (Appointed on 27 June 2025 and
re-designated as an executive Director on
1 September 2025)

Independent Non-executive Directors

Mr. MA Yongyi
Mr. CHEUNG Wai Chung
Mr. YU Tiecheng

COMPANY SECRETARY

Ms. CHAN Yin Wah (Resigned on 30 March 2026)
Ms. OH Sim Yee (Appointed on 30 March 2026)

AUTHORISED REPRESENTATIVES

Mr. LIN Zhong
Ms. CHAN Yin Wah (Resigned on 30 March 2026)
Ms. OH Sim Yee (Appointed on 30 March 2026)

STRATEGY COMMITTEE

Mr. LIN Zhong (*Chairman*)
Mr. ZHOU Hongbin (Resigned on 30 March 2026)
Mr. LIN Zhubo (Appointed on 1 September 2025)
Mr. ZHOU Di
Ms. CUI Xiaoqing (Ceased on 1 September 2025)

AUDIT COMMITTEE

Mr. CHEUNG Wai Chung (*Chairman*)
Mr. MA Yongyi
Mr. YU Tiecheng

REMUNERATION COMMITTEE

Mr. YU Tiecheng (*Chairman*)
Mr. LIN Zhong
Mr. MA Yongyi

NOMINATION COMMITTEE

Mr. LIN Zhong (*Chairman*)
Ms. CUI Xiaoqing (Appointed on 27 June 2025)
Mr. YU Tiecheng
Mr. MA Yongyi
Mr. CHEUNG Wai Chung (Appointed on 27 June 2025)

REGISTERED OFFICE

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P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

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Lane 1088, Shenhong Road
Minhang District, Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Construction Bank Shanghai Putuo Branch
8th Floor
95 Changshou Road
Putuo District, Shanghai, PRC

China Construction Bank Shanghai Nujiang Road Branch
Room 101
1006 Jinshajiang Road
Putuo District, Shanghai, PRC

Ningbo Bank Shanghai Huangpu Branch
37 Huanghe Road
Huangpu District
Shanghai, PRC

China Construction Bank Suzhou Gaoxin District Branch
95 Shishan Road
Gaoxin District
Suzhou, Jiangsu Province, PRC

AUDITOR

Prism Hong Kong Limited
Units 1903 -1905, 19/F, 8 Observatory Road
Tsim Sha Tsui
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISOR

DLA Piper

STOCK CODE

01995

WEBSITE

www.ysservice.com.cn



AWARDS AND HONORS



AWARDS AND HONORS



DEFINITIONS

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

2025 Share Scheme	the share scheme approved by the Shareholders at the extraordinary general meeting held on 29 December 2025 and had been adopted on 30 December 2025 on which the date for the Company obtained the listing approval from the Stock Exchange
AGM	the annual general meeting of the Company to be convened and held on 13 May 2026
Articles or Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee of the Company
associate(s)	has the meaning ascribed thereto under the Listing Rules
Board or Board of Directors	the board of directors of the Company
Board Committees	collectively the Strategy Committee, the Remuneration Committee, the Nomination Committee, and the Audit Committee, and the "Board Committee" means any of them
Board Diversity Policy	the policy on Board diversity of the Company
BU	business unit
BVI	the British Virgin Islands
CG Code	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
CIFI Group	CIFI Holdings and its subsidiaries
CIFI Holdings	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司) (stock code: 00884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board
CIFI (PRC)	CIFI Group Co., Ltd. (旭輝集團股份有限公司) (formerly known as Shanghai Yongsheng Real Estate Co., Ltd. (上海永升置業有限公司) and CIFI Group Company Limited (旭輝集團有限公司)), a joint stock company with limited liability established in the PRC and an indirect wholly-owned subsidiary of CIFI Holdings

Company, Ever Sunshine, we or us	Ever Sunshine Services Group Limited (永升服务集团有限公司) (formerly known as CIFI Ever Sunshine Services Group Limited (旭辉永升服务集团有限公司)), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 April 2018 and the Shares of which are listed on the Main Board
Controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules
Deed of Non-Competition	the deed of non-competition dated 26 November 2018 given by Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei in favor of the Company (for itself and as trustee for each of the subsidiaries)
Director(s)	director(s) of the Company
Eligible Participants	(i) any current employee, executive or officer of the Group; or (ii) any director (including non-executive Directors but excluding independent non-executive Directors) of the Group, in each case provided that the Board considers, in its sole discretion, they have contributed or will contribute to the Group
Elite Force Development	Elite Force Development Limited, a limited liability company incorporated in the BVI on 4 April 2018, is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei
FVTPL	fair value through profit and loss
GFA	gross floor area
Group	the Company and its subsidiaries
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong dollars, HKD or HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Independent Third Party(ies)	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
IPO	the initial public offering of the Company
Listing	the listing of the Shares on the Main Board
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time



DEFINITIONS

Main Board	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
Memorandum	the memorandum of association of the Company (as amended from time to time)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
Nomination Committee	the nomination committee of the Company
Option	a right granted by the Company under the 2025 Share Option Scheme, which permits (but does not obligate) a grantee to subscribe for Shares in accordance with the terms of the 2025 Share Option Scheme
Prospectus	the prospectus of the Company dated 4 December 2018
Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	the lawful currency of the PRC
Reporting Period	the period from 1 January 2025 to 31 December 2025
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Shareholder(s)	holder(s) of the Share(s)
Share(s)	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
Spectron	Spectron Enterprises Limited, a limited liability company incorporated in the BVI on 18 September 2014
sq.m.	square metres
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Company
substantial shareholder	has the meaning as ascribed thereto under the Listing Rules
Yongsheng Property	Shanghai Yongsheng Property Management Co., Ltd.* (上海永升物業管理有限公司) (formerly known as Shanghai Yongsheng Property Management Company Limited (上海永升物業管理股份有限公司)), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

* For identification purposes only

CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous trust and unwavering support for the Group in every exploration and advancement amid the wave of change.

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2025. This report serves not only as an objective summary of the operating results of the past year, but also as a realignment of our strategic original aspiration, and a solemn commitment to the path of high-quality development for the future.

In 2025, the Group's revenue increased by approximately 0.4% as compared with the corresponding period in 2024, reaching RMB6,866.2 million. In terms of revenue structure, revenue from property management services increased by 7.1% to RMB5,451.1 million, revenue from community value-added services decreased by 7.7% to RMB796.2 million, revenue from value-added services to non-property owners decreased by 36.2% to RMB382.1 million, and revenue from city services decreased by 18.6% to RMB232.8 million, with overall revenue structure of the four business segments being approximately 79.4%, 11.6%, 5.5% and 3.4%.

During the Reporting Period, gross profit amounted to RMB1,301.6 million, and the profit attributable to owners of the Company amounted to RMB437.4 million, representing a year-on-year decrease of 8.5%. The net cash inflow generated from operating activities amounted to RMB508.6 million, maintaining a healthy and positive cash flow position.

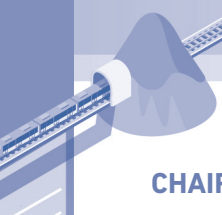
As of 31 December 2025, the Group's contracted GFA amounted to 353.6 million sq.m., and the GFA under management amounted to 252.2 million sq.m., representing an increase of 0.8% and 0.6% respectively as compared with the end of 2024. Despite numerous external challenges, we maintained our scale fundamentals and taken crucial steps in structural optimization.

I. FACE REALITY: UNDERSTAND THE ESSENCE OF ISSUES UNDER PRESSURE

2025 was an extremely pivotal year for the full implementation of "2nd Five-Year Strategy" of Ever Sunshine, while external shocks persisted. At the beginning of the year, we embarked on the new five-year journey with high expectations; in mid-year, we quickly reviewed the key factors behind the "below-expectation" performance in the first half of the year and launched in-depth reflections; at the end of the year, we regained confidence through actions and saw hope in structural adjustments.

We must clearly recognize that the industry has completely bid farewell to an era of rapid expansion. While the macro economy is showing signs of recovery, the micro sentiment remains weak. Property owners have generally become cautious in property fee payments and consumption of value-added services, community conflicts have been amplified in public opinion, property disputes have spread in some regions, competition for existing projects has intensified, and the incremental market is nearly exhausted. These are not short-term fluctuations, but a structural new normal.





CHAIRMAN'S STATEMENT

However, what is more alarming than the external environment is the inertia and slack within the organization. The "path dependence" formed during the industry dividend period represents the greatest test of the team's combat effectiveness, innovation and execution capability in the downward cycle. Problems such as "laid-back management (躺平式管理)" in some regions, "distorted actions against indicators" at the front line, and "off-site decision-making" in the middle office have been exposed from time to time, and these problems must not become the major internal factors restricting us from tiding over the cycle.

For this reason, we resolutely calibrated our direction, built consensus and reshaped our approaches in mid-year. We firmly believe that true strategic resolve lies not in loud slogans, but in the ability to quickly reset, reflect systematically and act resolutely in the face of setbacks.

II. RETURN TO THE FUNDAMENTALS: TAKE CUSTOMER SATISFACTION AS THE SOLE GUIDING PRINCIPLE

In the second half of 2025, the entire Group reached a core consensus: regardless of how the environment changes, recognition from customers at heart is the only foundation for our survival and development.

Property management is not a standardized industrial product, but a series of "experience deliveries" with invisible products. Such experience lies in a sincere greeting in the elevator, a response within 30 minutes after a repair request, the cleanliness of public seats and the safety of children's play facilities. Property owners will not be satisfied merely with our routine operations, but will choose to stay or leave based on the subtle feelings of daily life.

To this end, we fully implemented a revolution from the "user perspective": we launched the "Hundred-Household In-Depth Visit Programme (百戶深訪計劃)", where the headquarters service quality team led visits to typical projects across the country, carrying out unstructured dialogues with property owners to identify hidden pain points. In the second half alone, more than 1,200 valid suggestions were collected, of which 78% have been translated into service standard optimization items.

We launched the "Red-Yellow-Green Service Dashboard": in all newly delivered and key communities, property owners can view core indicators such as public facility integrity rate, complaint processing timeliness and safety inspection records in real time through "Ever Joyful (永小樂)", transforming services from "passive perception" to "active transparency".

We strengthened the construction of the "Three On-site Sensations": namely, the sense of sensory cleanliness, the sense of sincere communication, and the sense of problem resolution. We require every employee to understand that property owners are not "recipients of services", but "participants in our shared living scenarios".

More importantly, we resolutely prevented frontline staff from fighting alone. Middle and back-office management personnel were required to "descend to the frontline (下沉一線)" every month, participate in morning meetings, inspections and property owner receptions, truly understand on-site difficulties, and collaborate to formulate solutions. Let those who hear the gunfire make decisions, and let those who see the overall picture provide support.

III. RECONSTRUCT GROWTH: FROM "SELLING PRODUCTS" TO "SOLVING PROBLEMS"

Faced with the predicament of a three-year consecutive decline in community value-added services, we completely transformed our mindset in 2025: revenue generation is not about "selling products" but about "solving problems".

We have abandoned the past extensive model of "aggressive expansion and full-line product promotion (大幹快上、全線鋪貨)" and shifted to an intensive strategy of "scene-driven and demand-embedded":

In communities with a high concentration of young families, we launched a three-in-one solution of "reassuring childcare + interest linkage + safe escort", cooperating with high-quality institutions to reduce the burden on double-income families, with an average monthly service penetration rate of 23% per project; in old communities in northern China, we piloted the "heating and ventilation energy-saving package (暖通節能套餐)", integrating pipeline cleaning, energy consumption monitoring and subsidy application services to help property owners reduce winter heating costs, with a repurchase rate exceeding 65%; in industrial parks and government office buildings, we explored "community human resource services", matching temporary cleaning, security and event support personnel for small and medium-sized enterprises, opening up new sources of non-property space income.

These practices are only isolated successes at present, but they have made us deeply realize that the vitality of value-added services lies not in the number of SKU, but in whether they are truly embedded in the daily lives of property owners and solve their real pain points. In 2025, although revenue from community value-added services remained at a low level, its structural quality improved significantly, and the proportion of high-margin and sustainable services increased substantially. We believe that products developed with patience will eventually be rewarded by the market.

Meanwhile, we accelerated the incubation of professional business units and the development of new growth capabilities to build our second growth curve.

We focus on the renovation and waterproofing repair of old communities, and has formed standardized construction packages. Our past experience in project management has provided us with extensive experience and confidence, while under the backdrop of city renewal, the renovation of old communities has provided us with sufficient business opportunities. We have further enhanced our asset management capabilities, deeply engaged in shop investment promotion and parking space operation, and comprehensively improved the operational efficiency of self-managed projects. For example, driven by refined management, a single project achieved an average annual revenue increase of over RMB 800,000. We have also identified business opportunities within daily management boundaries and radius, and seized market opportunities with professional capabilities. With the continuous efforts of our team in the past, our subsidiary Beijing Hangteng Property Management Co., Ltd.* (北京航騰物業管理有限責任公司) has continued to upgrade in the non-residential sector, with outstanding performance in high-barrier non-residential scenarios such as hospitals and cultural venues. On the one hand, the bid winning rate has increased to 41%, the quality of project acquisition has been continuously improved, and the number of large-scale high-quality projects has been increasing. Another subsidiary, Hunan Meizhong Biophysical Environment Technology Co., Ltd.* (湖南美中環境生態科技有限公司) ("Meizhong Environment"), has taken a greater step in building a leading player in the city service segment, and has established a good reputation in municipal sanitation and district steward fields. As an integrated expansion engine, the Marketing Center has promoted the implementation of the "one customer, multiple expansions, group outreach (一客多拓、組團出擊)" model, and the saturated contract revenue from external expansion maintained steady growth in 2025.

The multi-polarized growth drivers have provided us with the guarantee for the continuous optimization of the existing structure and the maintenance of steady growth in the future.



IV. TECHNOLOGY EMPOWERMENT: DRIVE EFFICIENCY AND EXPERIENCE AS DUAL WHEELS

In 2025, we no longer regard technology as a "display tool" but position it as a "competitive asset".

We continued to promote the "Project Digital AI" program, covering key cities under management nationwide. Each project is equipped with a digital "operation dashboard", which through IoT devices and AI algorithms achieves: automatic chain recording of patrol routes, real-time early warning of abnormal events; intelligent analysis of energy consumption data and automatic push of energy-saving suggestions; full-process tracking of complaint handling with automatic escalation and supervision for overdue cases. Taking a large community in Shanghai as an example, after the application of intelligent security, night-time abnormal alarms decreased by 42% year-on-year, security shifts were optimized by 20%, and property owners' sense of security and the Company's labor efficiency were improved simultaneously.

Meanwhile, we fully implemented the strategy of "the mobile phone is the workstation". Frontline employees can complete work reporting, recording, feedback and points redemption through mobile devices, encouraging them to step out of the office, walk into corridors, gardens and garages, and interact deeply with property owners and buildings. Technology is not to replace people, but to help people perform better.

In 2026, we will further explore the implementation of scenarios such as AI customer service, cleaning robots and contactless access, and attempt to monetize data assets including parking and charging through cooperation with ecological partners, so as to truly realize "value driven by digital intelligence".

V. FORTIFY THE BOTTOM LINE: SAFEGUARD LONG-TERMISM WITH RISK CONTROL

The essence of operation is sustainability, and the premise of sustainability is controllable risks. In 2025, we continued to comprehensively strengthen the bottom-line thinking:

Internally, our Supervision and Audit Department issued and updated the "New Project Operation Risk Control Manual", identifying 5 new types of risk sources and defining 4 types of control red lines. We implemented the "Regional Risk Control Monthly Report" system, adopted red-yellow-green classified management for high-risk projects, and linked it closely to the performance of managers. We launched the "Risk Management Talent Program" and formed a "Project Rescue Task Force" to achieve rapid response to unexpected issues. Against the current macroeconomic and industry development backdrop, as an operation-oriented organization, we not only safeguard all current risk points as the bottom line, but also eliminate risk points one by one through systematic construction, laying a foundation for the Company's longer-term development.

VI. ACKNOWLEDGEMENTS AND OUTLOOK: MARCH TOWARDS A SHARED FUTURE ON THE PATH OF LONG-TERMISM

In 2025, Ever Sunshine experienced a gradual transition from "stable start" to "determined action". We no longer pursue bloated scale, but focus on high-quality growth; we no longer rely on blood transfusion from the real estate sector, but forge our own blood-making capacity; we no longer talk about innovation empty-mindedly, but let innovation take root and germinate at the front line.

All these transformations would not have been possible without your long-term trust and the relentless dedication of all the Ever Sunshine people. It is they who clear drainage systems amid wind and rain, handle complaints late at night, and ensure heating supply in the bitter winter — it is these ordinary yet extraordinary daily efforts that have built Ever Sunshine's most solid moat.

Looking ahead to 2026, we will continue to take "customer satisfaction × employee income increase × enterprise benefit" as the triangle of career success and firmly promote the "2nd Five-Year Strategy": we are well aware that there will still be storms ahead. However, Ever Sunshine employees have always believed that only by respecting the market, professionalism and trust can we anchor certain value in an uncertain era.

Grateful for walking together and marching towards a shared future. Ever Sunshine is willing to join hands with you to write a warmer, more solid and more trustworthy value chapter on the path of long-termism.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a reputable and fast-growing comprehensive property management service provider in the PRC. As of 31 December 2025, we provided property management services, value-added services and city services in 100 cities in Mainland China, with a total contracted GFA of approximately 353.6 million sq.m., among which, we had a total GFA under management of approximately 252.2 million sq.m., serving more than 1,150,000 households.

Our business covers a broad spectrum of properties, including residential properties and non-residential properties, covering office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals, etc. In addition, we also provide city services and other high-quality tailored services.

Adhering to the concept of "Building Better Lives", our core value is to let customer "be Trouble-Free, Worry-Free, and Discontent-Free (讓用戶省心、放心、開心)". We promote diversified development through technological innovation and adhere to the development strategy of "Platform + Ecosystem". Our mission is to provide comprehensive, caring and professional property management services to our customers and to grow into a customer-preferred smart city service brand.

Our Business Model

We operate four major business lines, namely (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

1. Property management services: We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.
2. Community value-added services: We provide community value-added services to both property owners and residents with the aim of improving their living experiences, maintaining and enhancing their asset values. These services mainly cover (i) home-living services; (ii) parking unit management and leasing services; (iii) property agency services; and (iv) common area value-added services.
3. Value-added services to non-property owners: We provide a comprehensive range of value-added services to non-property owners, who primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (i) sales assistance services; (ii) additional tailored services; (iii) housing repair services; (iv) pre-delivery inspection services; and (v) preliminary planning and design consultancy services, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.

4. City services: We can provide a wide range of city services. Such services mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.

Property Management Services

Continuous High Quality Development

We adhere to our strategy of deepening city penetration and regard quality expansion as one of our strategic priorities. During the Reporting Period, we achieved high-quality development in contracted GFA and GFA under management through multiple drivers.

As at 31 December 2025, our contracted GFA amounted to approximately 353.6 million sq.m. and the number of contracted projects was 1,824, representing an increase of approximately 0.8% and a decrease of 0.5% respectively as compared with 31 December 2024. As at 31 December 2025, the GFA under management reached approximately 252.2 million sq.m. and the number of projects under management was 1,524, representing an increase of 0.6% and 4.6% respectively as compared with 31 December 2024.

The following table sets out the changes in our contracted GFA and GFA under management for the years ended 31 December 2025 and 2024, respectively:

	For the year ended 31 December			
	2025		2024	
	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)	Contracted GFA (sq.m. '000)	GFA under management (sq.m. '000)
As at the beginning of the year	350,935	250,642	308,265	221,408
Additions ⁽¹⁾	45,352	32,905	83,421	58,848
Terminations ⁽²⁾	(42,670)	(31,322)	(40,751)	(29,614)
As at the end of the year	<u>353,617</u>	<u>252,225</u>	<u>350,935</u>	<u>250,642</u>

Notes:

- (1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by real estate developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.
- (2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Geographic Footprint

Since the Group's inception up to 31 December 2025, our geographic footprint has covered 100 cities in China, aiming at deep region penetration in pursuit of effective scale expansion.

The table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and the revenue generated from property management services for the years ended 31 December 2025 and 2024, respectively:

	As at or for the year ended 31 December					
	2025			2024		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Eastern region ⁽¹⁾	127,553	3,079,480	56.5	143,126	3,168,285	62.2
Northern region ⁽²⁾	37,285	548,288	10.1	32,933	591,600	11.6
Central Southern region ⁽³⁾	47,997	860,647	15.8	37,983	663,414	13.0
Western region ⁽⁴⁾	29,914	758,971	13.9	27,011	492,198	9.7
Northeastern region ⁽⁵⁾	9,476	203,738	3.7	9,589	175,931	3.5
Total	252,225	5,451,124	100.0	250,642	5,091,428	100.0

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Nanjing, Wuxi, Zhenjiang, Nantong, Changzhou, Xuzhou, Yangzhou, Huai'an, Lianyungang, Suqian, Yancheng, Jinhua, Chuzhou, Hangzhou, Ningbo, Jiaxing, Huzhou, Wenzhou, Taizhou, Zhoushan, Shaoxing, Xiamen, Fuzhou, Zhangzhou, Quanzhou, Putian, Qingdao, Zibo, Yantai, Weihai, Rizhao, Zaozhuang, Liaocheng, Weifang, Heze, Jining, Taizhou, Dezhou, Linyi, Jinan, Dongying, Binzhou, Hefei, Wuhu, Anqing, Xuancheng, Fuyang and Huainan.
- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Shijiazhuang, Taiyuan, Cangzhou, Tangshan, Langfang and Handan.
- (3) Cities in the central southern region in which we have property management projects include Shenzhen, Guangzhou, Dongguan, Foshan, Zhongshan, Huizhou, Jiangmen, Wuhan, Xiangyang, Huanggang, Yichang, Nanchang, Zhengzhou, Shangqiu, Xuchang, Luoyang, Nanyang, Changsha, Yueyang, Changde, Shaoyang, Zhuzhou, Xiangtan, Hengyang, Guilin, Nanning and Liuzhou.
- (4) Cities in the western region in which we have property management projects include Xi'an, Chengdu, Chongqing, Yinchuan, Baoji, Weinan, Lvliang, Urumqi, Xining, Guiyang, Zunyi, Kunming and Dali Bai Autonomous Prefecture.
- (5) Cities in the northeastern region in which we have property management projects include Changchun, Harbin, Shenyang and Dalian.

Achieve Gradual Growth in Scale, under the Premise of the Principle of High-Quality Development

Handling of Business Transactions with CIFI Group in accordance with market-oriented principle

As a long-term service partner CIFI Group, we have always maintained a solid market-oriented cooperative relationship with CIFI Group. Looking back on 2025, the market environment of the real estate industry in the PRC remained severe, with weak recovery. These challenges have also brought continuous negative impacts on the property management service industry. We still adhere to the principle of “conducting business transactions with CIFI Group in accordance with market-oriented principles”. This enables us to relatively effectively reduce the relevant negative impacts and strive to keep the impacts of such negative factors on our property management service business within a controllable range. We continuously improve and adjust our strategies to ensure that the cooperation with CIFI Group continues to develop steadily. In this challenging environment, we will focus on risk control and independent market-oriented operations as our principal priorities.

Continuously Enhance the Company's Development Capabilities in the Independent Third-Party Market

As one of the key drivers of the Company's expansion, we have always endeavoured to diversify into third-party markets. By expanding our resources to various independent markets, we continue to increase our market share. At the same time, we continue to improve our ability to build teams to achieve better empowerment results. This proactive strategy has enabled us to remain competitive in an ever-changing environment and has brought about sustained scale growth for the Company. The main targets of our market expansion include regional property developers, replacement of existing residential properties arranged by property owners' committees, bidding and tendering projects of local governments, as well as industrial parks and office buildings of commercial and corporate clients.

Since the implementation of market-oriented expansion, through years of accumulation, the Group has successfully built solid bidding and outreach capabilities. During the Reporting Period, the saturated revenue of the Company's outreach contracts has increased significantly year-on-year, reaching the best performance in history. We believe that with the Company's constantly improving comprehensive strength and better reputation brand support, through our continuous enhancement of the industry standards and improving the bidding outreach technical means, we will certainly achieve a more robust business growth.

Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have been a crucial part of our historical development process. In terms of mergers and acquisitions, the Group adheres to the principle of “Selects the target carefully before investment; conducts effective management after investment (投前精選目標,投後完善管理)”. Through strategic mergers and acquisitions, we increased our market share in existing markets, expanded our regional business scales, and made up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Since the Listing, we adhered to the prudent principle for mergers and acquisitions and have acquired companies for different types of properties such as Zhengzhou Jinyi Property Service Co., Ltd.* (鄭州錦藝物業服務有限公司) for residential sector, Qingdao Yayuan Property Management Co., Ltd.* (青島雅園物業管理有限公司) and Shanghai Macalline Property Management Services Co., Ltd.* (上海美凱龍物業管理服務有限公司) for commercial and office space sector, Jiangsu Xiangjiang Property Development Co., Ltd.* (江蘇香江物業發展有限公司) and for public facilities sector, Shandong XinJian Property Development Co., Ltd.* (山東鑫建物業發展有限公司) for logistics park sector, Hunan Meizhong Biophysical Environment Technology Co., Ltd.* (湖南美中環境生態科技有限公司) ("Meizhong Environment") for city sanitation sector and Huaxi Xin'an (Beijing) Property Management Co., Ltd.* (華熙鑫安(北京)物業管理有限公司) for mixed-use complex sector, and all of which have achieved positive post-investment integration results. In 2023, we completed the acquisition of Beijing Hangteng Property Management Co., Ltd.* (北京航騰物業管理有限責任公司). However, overall, since 2022, due to the continuous disruption of the external environment and the Company's more prudent risk control requirements, we have significantly reduced the number of mergers and acquisitions. In 2025, we remained focused on strategic mergers and acquisitions but did not undertake any merger and acquisition project.

Due to our adherence to the disciplined principles of strategic mergers and acquisitions, all of the projects that we have historically merged and acquired have achieved good integration with us, and have all reached the performance requirement targets, and it is expected that the existing acquired and integrated companies will be able to achieve better business operation and realize better performance contribution in the future.

The table below sets forth the breakdown, by types of property developers, of our total GFA under management as at the dates indicated:

	As at 31 December			
	2025		2024	
	GFA		GFA	
	sq.m. '000	%	sq.m. '000	%
CIFI Group ⁽¹⁾	59,007	23.4	59,585	23.8
Third-party property developers ⁽²⁾	193,218	76.6	191,057	76.2
Total	252,225	100.0	250,642	100.0

Notes:

- (1) Included properties solely developed by CIFI Group and properties jointly developed by CIFI Group and other property developers (CIFI Group held a controlling interest in such properties).
- (2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers (CIFI Group did not hold a controlling interest in such properties).

Strengthening Position as a Comprehensive Property Management Service Provider

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools etc. Meanwhile, with the further opening up of the non-residential market, we were offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including headquarters buildings for large enterprises, expressway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We treat the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we continue to diversify our service portfolio and deepen our development in specialised non-residential property segments. As at 31 December 2025, non-residential properties accounted for approximately 36.5% in our GFA under management.

The table below sets forth a breakdown, by different types of properties as they were developed, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the years ended 31 December 2025 and 2024, respectively:

	As at 31 December or for the year ended 31 December					
	2025			2024		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Residential properties	160,199	3,159,344	58.0	154,912	3,018,694	59.3
Non-residential properties	92,026	2,291,780	42.0	95,730	2,072,734	40.7
Total	<u>252,225</u>	<u>5,451,124</u>	<u>100.0</u>	<u>250,642</u>	<u>5,091,428</u>	<u>100.0</u>

Lump Sum Basis and Commission Basis

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion of which charged on a commission basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the years ended 31 December 2025 and 2024, respectively:

	As at 31 December or for the year ended 31 December					
	2025			2024		
	GFA sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Lump sum basis	250,103	5,447,522	99.9	247,885	5,088,063	99.9
Commission basis	2,122	3,602	0.1	2,757	3,365	0.1
Total	<u>252,225</u>	<u>5,451,124</u>	<u>100.0</u>	<u>250,642</u>	<u>5,091,428</u>	<u>100.0</u>

Community Value-Added Services

During the Reporting Period, a variety of community value-added services struggled to advance amidst the challenges of a slower-than-expected macroeconomic recovery and a weak property market in the PRC, while we focused more on community value-added services development and gave up some of the businesses with low gross profit margins and poor sustainability. During the Reporting Period, revenue from community value-added services was approximately RMB796.2 million, representing a decrease of approximately 7.7% as compared with approximately RMB862.4 million for the year ended 31 December 2024.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of "something must be done and some must not be done (有所為、有所不為)" and developed value-added service products suitable for property owners, based on the needs of community property owner so as to boost the revenue generated from community value-added services.

With the expansion of our service scope, we have more mature experience in community value-added services and continue to optimize and upgrade our talent team. We have continued to deepen our research on community scenarios and service target groups, and have been advancing in a number of dimensions, including demand identification, product and service design, channel and supplier selection, and marketing plan development. Although the development of community value-added services has encountered multiple pressures from the macro-economy and faced various challenges, the community value-added services have continued to strive for advancement. In the future, the Group will continue to follow the strategy of promoting the revenue enhancement of community value-added services and continuously improve the quality of services to achieve more sustainable development.

We believe that there are various reasons that have caused the current development of community value-added services to enter a bottleneck period. However, by continuously grasping the service needs of high-quality customers, enhancing service loyalty, innovatively transforming products into services, and making persistent efforts, we will still be able to witness a thriving development of community value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. The following table sets forth the breakdown of revenue from our community value-added services for the years ended 31 December 2025 and 2024, respectively:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Home-living services ⁽¹⁾	425,387	53.4	486,532	56.4
Parking unit management and leasing services ⁽²⁾	138,669	17.4	136,934	15.9
Property agency services ⁽³⁾	151,467	19.0	146,889	17.0
Common area value-added service ⁽⁴⁾	80,721	10.2	92,040	10.7
Total	<u>796,244</u>	<u>100.0</u>	<u>862,395</u>	<u>100.0</u>

Notes:

- (1) This primarily included house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.
- (2) This primarily included fees received from leasing and management of parking units.
- (3) This primarily included agency sales and agency leasing services of apartments and parking spaces.
- (4) This primarily included service income received from leasing and management of common areas.

Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily include display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of real estate development. Most of these non-property owners are property developers.

During the Reporting Period, revenue from value-added services to non-property owners decreased by approximately 36.2% to approximately RMB382.1 million as compared with RMB599.1 million for the year ended 31 December 2024, mainly due to the weakened real estate market in China. We have become more cautious in the provision of value-added services to non-property owners and exited from some of the service projects with relatively lower expected returns.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the years ended 31 December 2025 and 2024, respectively:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Sales assistance services	115,703	30.3	192,842	32.2
Additional tailored services	166,717	43.6	245,115	40.9
Preliminary planning and design consultancy services	16,869	4.4	29,134	4.9
Housing repair services	68,559	18.0	103,346	17.2
Pre-delivery inspection services	14,266	3.7	28,671	4.8
Total	382,114	100.0	599,108	100.0

City Services

With the continuous development of social governance and the socialisation of logistic services for the authorities, the Company has gradually expanded from the traditional residential property sector to the non-residential sector and extended to the city services operation level in accordance with the market demand and the development direction of the “big property services (大物業)” strategy. Since 2020, we have actively explored and accumulated experience in city services. Meanwhile, we have further built up our professional capabilities in city services through the acquisition and integration of Meizhong Environment in 2021.

At the initial stage of the Listing, we launched the Company’s mission “Building Better Lives”. Subsequently, in 2020, we first announced the Company’s vision to “Grow into A Customer-preferred Smart City Service Brand”. After continuous exploration and research, we have positioned the Company’s city services in three directions:

- (i) city municipal services butler: focusing on environmental sanitation and greening, as well as old community renovation services;
- (ii) city asset management assistant: dedicated to the effective management of city idle space and area resource; and
- (iii) city future development partner: participating in the construction of smart cities and becoming an important player in city development.

We have become a property management company covering the business of city services, and will constantly strive to realize the Company’s mission and vision to provide premium smart city services to our customers.

FUTURE OUTLOOK

Since the industry entered a profound adjustment period in 2022, we have been confronted with macroeconomic pressure and intensified market competition, yet we have remained confident and strived for progress while maintaining stability. As a comprehensive property management enterprise, we uphold the philosophy of “Building Better Lives”, actively respond to the government’s call to participate in community co-construction, integrate deeply into city grassroots governance, and provide property owners with a smarter and more efficient living and working environment. Although the current recovery momentum remains inadequate, we closely monitor policy directions and changes in market demand, flexibly adjust our business strategies, and continuously promote the upgrading of service quality and refined management. Going forward, the management will lead the team to forge ahead with determination, accelerate the achievement of the Company’s medium and long-term strategic objectives, fulfil the mission of “Building Better Lives”, and create sustainable value for users.

Guided by high-quality development, we will steadily expand our business scale and regional layout.

We will be guided by high-quality development, steadily expand our managed area and service types, and promote the simultaneous development of scale and density enhancement. To this end, we are continuously optimizing our market expansion system and tendering capabilities, establishing a more accurate project evaluation mechanism, improving bid success rates, further expanding the reserve of high-quality projects, and striving for more high-end property resources.

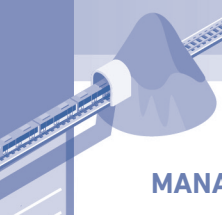
We will focus on deeply developing populous and economically vibrant regions such as the Yangtze River Delta, Greater Bay Area and Beijing-Tianjin-Hebei, and gradually achieve regional intensive operation. In terms of service categories, we will also continuously expand non-residential business, with particular focus on high-potential sectors including commercial complexes, medical care and elderly care, logistics parks and city public construction, seize the opportunities of socialized city operation, and build a diversified property service matrix.

Meanwhile, relying on the Group’s brand advantages and delivery capabilities, we will continue to deepen strategic cooperation with state-owned construction platforms, city investment companies and quality property developers, expand the integrated models of “agency construction + agency operation” and “government + marketization”, and achieve breakthroughs in city renewal, old project renovation and indemnificatory housing.

Enhance diversified value-added service capabilities and build a full-chain service system.

Facing the increasingly diversified customer needs, we are actively enhancing service modules such as pre-engagement consultation, construction inspection, delivery acceptance and property maintenance management, so as to improve the delivery capability of integrated solutions. This will further strengthen our professional advantages in the non-property owner value-added service market and form new sources of revenue growth. In respect of providing extended services to property developers, we are driving the transformation of services from single management to full-chain management and achieving greater value co-creation. Furthermore, we will explore the provision of management output and digital intelligent transformation services for small and medium-sized regional property management companies. Through brand empowerment and operational support, we will achieve the role transformation from a “property management company” to a “property solution provider” and further expand our business boundaries.





MANAGEMENT DISCUSSION AND ANALYSIS

Deepen community value-added services and build a full-scenario life ecosystem for property owners.

Community value-added services will remain the core of our strategy to “expand and strengthen the platform, and optimize and deepen the ecosystem (做大做強平台、做優做透生態)”. We will further enhance the business unit model, optimize the independent operation of the property owner service line, enabling the team to be more focused and flexible, and promote the replication and expansion of business models after mature local trials. In terms of service categories, we will focus on continuously iterating services around high-frequency and essential service scenarios for property owners, such as community housekeeping, space renovation, elderly-friendly renovation, neighborhood commerce, and community live-streaming commerce, so as to build a full life-cycle service system covering “people, goods and spaces”, and enhance the platform’s reach and commercial monetization capabilities. We will take “in-depth services, asset-light model, and strong stickiness” as the strategic direction of community operation, continuously explore potential market demand, and achieve sustainable growth in service revenue.

Led by the dual drivers of talent and organizational upgrading, we will build a highly execution-oriented team.

Facing the dual requirements of service professionalism and operational complexity, we will continue to optimize our talent structure and organizational mechanisms. Through the dual-wheel drive of “Ever Dynamic (永動力)” campus recruitment and social talent introduction, we will build a stable, efficient and professional grassroots and middle-level backbone team. For the senior management team, we will adhere to the “emptying the cage to make way for new birds (騰籠換鳥)” strategy, focus on managers with consistent values, strong execution capabilities and systematic thinking, so as to form vision consensus and joint force for strategy implementation.

For middle management, we will establish a function empowerment and job rotation mechanism based on business units to comprehensively enhance their operation understanding and resource integration capabilities. In terms of organization development, we will further promote flattening reform, improve cross-departmental collaboration efficiency, strengthen the “result-oriented, responsibility to individuals” culture, stimulate team dynamics, and enhance overall organizational resilience and responsiveness.

Fully invest in technology and intelligent operations to build a digital-driven enterprise.

Technology will be the core engine driving our future growth and efficiency transformation. We will continue to increase investment and R&D expenditure in smart technology companies, and strengthen the integrated application of AI, Internet of Things and big data in property service scenarios. In terms of system development, we will fully upgrade basic infrastructures including the internal management system, financial data platform, human resources cloud and contract management cloud, so as to build a data foundation covering finance, human resources, operations, contracts and procurement, and enhance management efficiency and risk controllability.

We also plan to build an “Integrated Command Centre” integrating intelligent central control, data decision-making and remote collaboration, so as to realize the centralized operation and real-time monitoring of city-level projects. Meanwhile, we will promote the application of AI-based management tools in various grassroots projects to reduce repetitive manpower input and enhance the level of digital operation. We firmly believe that the integration of technological innovation and process reengineering will comprehensively drive the property management industry to shift from “manual governance” to “digital governance”, bringing users a more intelligent, efficient and safe modern property management experience.

FINANCIAL REVIEW

Revenue

In 2025, the Group's revenue was approximately RMB6,866.2 million, representing a slight increase of 0.4% from approximately RMB6,841.1 million in 2024.

Revenue of the Group by business line for the years indicated is as follows:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Property management services	5,451,124	79.4	5,091,428	74.4
Community value-added services	796,244	11.6	862,395	12.6
Value-added services to non-property owners	382,114	5.5	599,108	8.8
City services	232,797	3.4	286,114	4.1
Others	3,952	0.1	2,090	0.1
Total revenue	<u>6,866,231</u>	<u>100.0</u>	<u>6,841,135</u>	<u>100.0</u>

The revenue generated from property management services was our largest source of revenue. During 2025, the revenue from property management services was approximately RMB5,451.1 million, accounting for 79.4% of the Group's total revenue. The increase in revenue from property management services from approximately RMB5,091.4 million in 2024 to approximately RMB5,451.1 million was primarily driven by our continuous efforts to expand customer base. The following table sets out the Group's revenue derived from property management services by type of property developer during the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
CIFI Group ⁽¹⁾	1,543,891	28.3	1,466,320	28.8
Third-party property developers ⁽²⁾	<u>3,907,233</u>	<u>71.7</u>	<u>3,625,108</u>	<u>71.2</u>
Total revenue	<u>5,451,124</u>	<u>100.0</u>	<u>5,091,428</u>	<u>100.0</u>

Notes:

- (1) Included properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.
- (2) Referred to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue from community value-added services decreased from approximately RMB862.4 million in 2024 to approximately RMB796.2 million in 2025, representing a decrease of 7.7%, which was mainly due to the decrease of revenue from home-living services. During 2025, we also exited certain low-margin offerings, which contributed to the decline.

The revenue from value-added services to non-property owners decreased by approximately 36.2% from approximately RMB599.1 million in 2024 to approximately RMB382.1 million in 2025. Such decrease was mainly due to the weakened real estate industry in the PRC leading to a decrease in demand for value-added services. We have also become more cautious in providing value-added services to non-property owners

During the year ended 31 December 2025, the revenue generated from city services was approximately RMB232.8 million, representing a decrease from RMB286.1 million for the year ended 31 December 2024, which was mainly caused by our strategy of reallocating the resources and withdrawing from lower-profit engagements to improve the efficiency.

Cost of Services

Cost of services increased by approximately 1.3% from approximately RMB5,492.5 million in 2024 to approximately RMB5,564.7 million in 2025, primarily due to higher input costs associated with business scale and service-quality enhancements during the year ended 31 December 2025. We will continue to implement effective cost control measures to improve our operation efficiency.

Gross profit

As a result of the above principal factors, the Group's gross profit decreased by approximately 3.5% from approximately RMB1,348.7 million in 2024 to approximately RMB1,301.6 million in 2025.

Gross profit margin of the Group for major business lines for the years indicated was as follows:

	For the year ended 31 December	
	2025	2024
Property management services	18.2%	19.3%
Community value-added services	31.4%	34.7%
Value-added services to non-property owners	7.1%	6.4%
City services	13.4%	10.9%
Total	19.0%	19.7%

In 2025, the gross profit margin of the Group was 19.0%, representing a decrease of 0.7 percentage points compared with that of 19.7% in 2024, which was primarily due to the slowdown of margins in our property management services and community value-added services.

The gross profit margin of property management services was 18.2% for the year ended 31 December 2025, decreased from that of 19.3% in 2024, which was mainly due to higher cost inputs to promote our service quality.

The gross profit margin of community value-added services was 31.4% for the year ended 31 December 2025, decreased from that of 34.7% in 2024, which was mainly due to the slowdown in macroeconomic and more intense price competition in the market leading to a lower profit margin.

The gross profit margin of value-added services to non-property owners was 7.1% for the year ended 31 December 2025, increased from that of 6.4% in 2024, which was mainly due to our improvement in cost control and operation efficiency.

The gross profit margin of city services was 13.4% for the year ended 31 December 2025, increased from that of 10.9% in 2024, which was mainly due to the optimization of project portfolio during the year pursuant to which some projects with low profit margin were terminated.

Other income and other gains and losses

In 2025, the Group's other income and other gains and losses recorded a net gain of approximately RMB22.6 million, representing an increase of approximately 39.5% from approximately RMB16.2 million in 2024, primarily due to the increase of the gain from fair value changes of financial assets at FVTPL during the year ended 31 December 2025.

Administrative and selling expenses

In 2025, the Group's total administrative and selling expenses amounted to approximately RMB494.3 million, representing a decrease of approximately 4.3% from approximately RMB516.7 million in 2024, which was mainly due to our continuous cost control.

Other expenses

During the year ended 31 December 2025, the Group recorded other expenses of approximately RMB14.7 million, representing an increase from approximately RMB11.3 million for 2024. Such increase was mainly due to the increase in provisions for contingent liability and litigation expenses during the year ended 31 December 2025 due to the volatile economic environment.

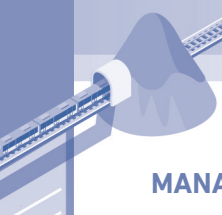
Profit before taxation

During the year ended 31 December 2025, the profit before income tax was approximately RMB706.0 million, representing a decrease of approximately 7.0% as compared with approximately RMB759.5 million in 2024.

Income tax expense

During the year ended 31 December 2025, the Group's income tax was approximately RMB156.0 million, representing approximately 22.1% of the profit before income tax expense in 2025, while the income tax was approximately RMB168.1 million, representing approximately 22.1% of the profit before income tax expense in 2024.





MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to owners of the Company

The profit attributable to owners of the Company in 2025 was approximately RMB437.4 million, representing a decrease of approximately 8.5% as compared with approximately RMB478.0 million in 2024.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 31 December 2025, the Group's property, plant and equipment amounted to approximately RMB88.4 million, representing a decrease from approximately RMB96.8 million as at 31 December 2024, which was mainly caused by the depreciation during the year ended 31 December 2025.

Investment properties

Our investment properties mainly comprised buildings, parking spaces and storage rooms at the properties we owned. As at 31 December 2025, the Group's investment properties amounted to approximately RMB520.0 million, representing a decrease from approximately RMB549.1 million as at 31 December 2024, which was mainly caused by the changes in fair value of the investment properties during the year ended 31 December 2025.

Intangible assets

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 31 December 2025, the Group's intangible assets amounted to approximately RMB286.3 million, representing a decrease from approximately RMB297.6 million as at 31 December 2024, which was mainly caused by the amortisation of intangible assets during the year ended 31 December 2025.

Goodwill

As at 31 December 2025, the Group's goodwill amounted to approximately RMB1,488.2 million, remained the same as at 31 December 2024.

Trade and bill receivables

Our trade and bill receivables mainly arose from property management services income under a lump sum basis, value-added services to non-property owners and city services. As at 31 December 2025, trade and bills receivables of the Group amounted to approximately RMB2,726.4 million, representing an increase from approximately RMB2,445.0 million as at 31 December 2024. Such increase was mainly due to the slowdown of recovery of receivables because of the downward market situation during the year ended 31 December 2025. The Group has increased the provision for credit losses after prudently considering the market environment and collection performance. The Group also closely communicates with clients and endeavors to accelerate the recovery of receivables.

Prepayments and other receivables

Our prepayments and other receivables mainly consisted of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements, bidding deposits in relation to the public biddings, deposits for exclusive sales representative agreements to secure the sales fund recovery of car parks, residential properties (including storage spaces) and retail shops, and prepayments to vendors. As at 31 December 2025, our prepayments and other receivables amounted to approximately RMB1,186.2 million, representing a decrease from approximately RMB1,193.3 million as at 31 December 2024, which was mainly due to the decrease of deposits for exclusive sales representative agreement during the year ended 31 December 2025.

Financial assets at FVTPL

Financial assets at FVTPL mainly include investments in a listed entity and investments in several closed-end funds. As at 31 December 2025, the balance of financial assets at FVTPL of the Group amounted to approximately RMB292.1 million, representing an increase from RMB281.0 million as at 31 December 2024. Such increase was mainly caused by the fluctuation in fair value of the financial assets during the year ended 31 December 2025.

Cash and cash equivalents

As at 31 December 2025, the Group's cash and cash equivalents were approximately RMB2,765.4 million, representing an increase from approximately RMB2,617.8 million as at 31 December 2024, which was mainly contributed by the net cash inflow from operating activities during the year ended 31 December 2025.

Trade and bills payables

As at 31 December 2025, trade and bills payables of the Group amounted to approximately RMB1,450.9 million, representing an increase from approximately RMB1,307.5 million as at 31 December 2024, which was mainly due to the increase in sub-contracting cost due to expansion of our business and we continued to sub-contract certain services to third-parties to optimize our operations during the year ended 31 December 2025.

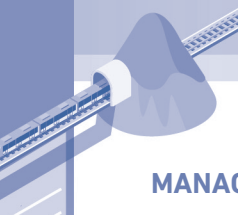
Accruals and other payables

As at 31 December 2025, our accruals and other payables were approximately RMB1,249.1 million, representing a decrease from approximately RMB1,324.0 million as at 31 December 2024.

Contract liabilities

Contract liabilities of the Group were fees paid by customers in advance for the services which had not been provided and had not been recognized as revenue. As at 31 December 2025, our contract liabilities amounted to approximately RMB1,024.8 million, representing an increase from approximately RMB940.1 million as at 31 December 2024, which was primarily due to the increase in our customer base during the year ended 31 December 2025.





MANAGEMENT DISCUSSION AND ANALYSIS

Cash flows

During the year ended 31 December 2025, net cash inflow from operating activities of the Group amounted to approximately RMB508.6 million, representing a decrease from approximately RMB684.8 million in 2024, which was mainly due to the increase of trade and bills receivables during the year ended 31 December 2025.

During the year ended 31 December 2025, net cash outflow from investing activities amounted to approximately RMB32.1 million, while that was net cash inflow of approximately RMB38.8 million in 2024, which was mainly caused by the decrease in proceeds from disposal of financial assets at FVTPL.

Net cash outflow from financing activities amounted to approximately RMB329.5 million for the year ended 31 December 2025, representing a decrease from that of approximately RMB444.3 million in 2024. The lower cash outflow from financing activities was mainly due to the decrease in dividends payment by the Company during the year ended 31 December 2025.

Gearing ratio and the basis of calculation

As at 31 December 2025, the gearing ratio of the Group was 0.65% (31 December 2024: 0.66%). The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

Capital expenditure

During the year ended 31 December 2025, capital expenditure of the Group amounted to approximately RMB60.1 million (2024: RMB49.4 million). The capital expenditure was mainly used to invest in information technology systems and software as well as transportation equipment for business operation during the year ended 31 December 2025.

Capital structure

As at 31 December 2025, the Group's cash and bank balances were held in Renminbi, Hong Kong dollar and US dollar, and the Group's borrowings of RMB36.5 million were denominated in Renminbi at fixed interest rates.

As at 31 December 2025, equity attributable to owners of the Company amounted to approximately RMB5,179.0 million, as compared to approximately RMB5,001.1 million as at 31 December 2024.

Financial position of the Group remained stable. As at 31 December 2025, the Group's net current assets was approximately RMB2,498.0 million (31 December 2024: RMB2,222.4 million), while the current ratio (current assets/current liabilities) of the Group was approximately 1.6 (31 December 2024: 1.6).

Liquidity and financial resources

During the year ended 31 December 2025, the Group's principal use of cash was working capital, which was mainly funded from cash flow from operations. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the initial public offering of the Company ("IPO") and our other fundraising activities conducted to finance some of our capital expenditures and in accordance with the purposes for the use of proceeds as disclosed in the prospectus of the Company dated 4 December 2018 (the "Prospectus") and relevant announcements.

As at 31 December 2025, the Group's borrowings were RMB36.5 million (31 December 2024: RMB35.5 million). Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 31 December 2025.

Pledging of assets

As at 31 December 2025, the Group had pledged property, plant and equipment with carrying amounts of approximately RMB18.1 million (31 December 2024: RMB12.2 million) to secure the balance of borrowings of approximately RMB18.6 million as at 31 December 2025.

Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary course of business. Having considered relevant legal advice and made best estimation in respect of the liability, the Group does not expect that such legal claims will incur any material adverse effect on our business, financial condition or operating results.

Significant Investments Held

As at 31 December 2025, the Group did not hold any significant investment.

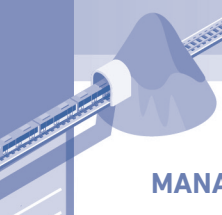
Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

Interest rate risk

The Group's exposure to interest rate risk is limited. As at 31 December 2025, the Group's borrowings of approximately RMB36.5 million were denominated in Renminbi and carried fixed interest rates. Accordingly, the Group is not exposed to material cash flow interest rate risk in respect of its borrowings. The Group's interest rate risk primarily relates to interest income generated from bank deposits and cash balances. The management of the Group closely monitors fluctuations in market interest rates and will continue to adopt prudent treasury measures to manage its interest rate exposure.





MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses were denominated in Renminbi. Certain bank balances were denominated in Hong Kong dollars and US dollars. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments is paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees. The Group also adopted the 2025 Share Option Scheme on 30 December 2025.

As at 31 December 2025, the Group had 22,300 employees (31 December 2024: 25,734 employees).

Use of proceeds raised from IPO

On 17 December 2018, the Shares were successfully listed on the Stock Exchange. Our IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK\$619.8 million from the IPO, and (ii) approximately HK\$63.2 million from partial exercise of an over-allotment option on 4 January 2019 (collectively, the "Net Proceeds").

As stated in the Prospectus, we intended to use (i) approximately 55%, or approximately HK\$375.6 million for strategic acquisition and investment opportunities; (ii) approximately 26%, or approximately HK\$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK\$61.5 million for the development of a one-stop service community platform and our "Joy Life" online service platform; and (iv) approximately 10%, or approximately HK\$68.3 million as for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own, and (ii) for investing in property management industry funds jointly with business parties will be used for acquiring or investment in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, all Net Proceeds were utilised. Details of which were as follows:

	Net Proceeds						Expected timeline for the unutilised Net Proceeds
	Percentage of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Unutilised (as at 1 January 2025) (HK\$ million)	Utilised during 2025 (HK\$ million)	Utilised (up to 31 December 2025) (HK\$ million)	Unutilised (as at 31 December 2025) (HK\$ million)	
To pursue strategic acquisition and investment opportunities	55%	375.6	—	—	375.6	—	N/A
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	—	—	177.6	—	N/A
To develop a one-stop service community platform and our "Joy Life" (悦生活) online service platform	9%	61.5	31.0	31.0	61.5	—	N/A
For general corporate purposes and working capital	10%	68.3	—	—	68.3	—	N/A
	100%	683.0	31.0	31.0	683.0	—	

2020 Placing and 2020 Subscription

On 4 June 2020, the Company, Elite Force Development Limited and three placing agents entered into a placing and subscription agreement (the "2020 Placing and Subscription Agreement"), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the placing price of HK\$11.78 per Share (the "2020 Placing Price") (the "2020 Placing"); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 134,000,000 new Shares at the subscription price of HK\$11.78 per Share (being the same as the 2020 Placing Price) (the "2020 Subscription").

The 2020 Placing Price of HK\$11.78 per Share and represented (i) a discount of approximately 6.95% to the closing price of HK\$12.66 per Share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the 2020 Placing and Subscription Agreement (the "2020 Last Trading Day"); (ii) a discount of approximately 3.63% to the average closing price of HK\$12.22 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2020 Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK\$11.85 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2020 Last Trading Day.

MANAGEMENT DISCUSSION AND ANALYSIS

Completion of the 2020 Placing and the 2020 Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the 2020 Placing Price of HK\$11.78 per Share to no less than six (6) independent placees, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$11.78 per Share.

The Company received net proceeds from the 2020 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,564,476,000 and intended to use the net proceeds from the 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

Net proceeds from the 2020 Subscription							
	Percentage of net proceeds	Allocation of net proceeds (HK\$ million)	Unutilised (as at 1 January 2025) (HK\$ million)	Utilised (up to 31 December 2025) (HK\$ million)	Unutilised (as at 31 December 2025) (HK\$ million)	Expected timeline for the unutilised net proceeds	
Strategic acquisition and investment opportunities	80%	1,251.6	—	—	1,251.6	—	N/A
Information technology related development	5%	78.2	36.8	4.3	45.7	32.5	By 31 December 2026
Working capital and general corporate purposes	15%	234.7	—	—	234.7	—	N/A
	100%	1,564.5	36.8	4.3	1,532.0	32.5	

2021 Placing and 2021 Subscription

On 23 October 2021, the Company, Elite Force Development Limited and two placing agents entered into a placing and subscription agreement (the “**2021 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development Limited has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development Limited on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK\$15.76 per share (the “**2021 Placing Price**”) (the “**2021 Placing**”); and (b) Elite Force Development Limited has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development Limited, a total of 83,520,000 new Shares at the subscription price of HK\$15.76 per share (being the same as the 2021 Placing Price) (the “**2021 Subscription**”).

The 2021 Placing Price was HK\$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK\$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the “**2021 Last Trading Day**”); (ii) a discount of approximately 4.67% to the average closing price of HK\$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK\$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

MANAGEMENT DISCUSSION AND ANALYSIS

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent placees, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development Limited at the subscription price of HK\$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes.

Further, as stated in the announcement of the Company dated 27 March 2024 (the “**27 March Announcement**”), the Board resolved to change the use of the net proceeds from the 2021 Subscription such that the entire amount of the unutilized net proceeds of approximately HK\$796.5 million under “strategic acquisition and investment opportunities” will be re-allocated for “working capital and general corporate purposes” due to the downturn in the real estate industry in the PRC and the shift in expansion strategy in the property management industry from expansion through merger and acquisitions to expansion through organic growth. For further details of the change in the proposed use of the net proceeds from the 2021 Subscription, please refer to the 27 March Announcement.

As at 31 December 2025, all the remaining net proceeds have been utilised. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

Net proceeds from the 2021 Subscription								Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Allocation of net proceeds (HK\$ million)	Re-allocation as per the 27 March Announcement (HK\$ million)	Unutilised (as at 1 January 2025) (HK\$ million)	Utilised during 2025 (HK\$ million)	Utilised (up to 31 December 2025) (HK\$ million)	Unutilised (as at 31 December 2025) (HK\$ million)	
Strategic acquisition and investment opportunities	65%	847.6	51.1	—	—	51.1	—	N/A
Working capital and general corporate purposes	35%	456.4	1,252.9	—	—	1,252.9	—	N/A
	100%	1,304.0	1,304.0	—	—	1,304.0	—	

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LIN Zhong (林中), aged 57, was appointed as our Director on 16 April 2018 and re-designated as our executive Director and appointed as the chairman of our Board on 25 July 2018. Mr. Lin Zhong is the chairman of the Strategy Committee and the Nomination Committee and a member of the Remuneration Committee. Mr. Lin Zhong is primarily responsible for overall strategic decisions, business planning and major operational decisions.

Prior to joining our Group, Mr. Lin Zhong has been serving as the chairman and director of the board at CIFI (PRC) since August 2000, where he is responsible for overall business planning and significant decisions in business operations. Since May 2011, he has been serving as an executive director and the chairman of the board at CIFI Holdings, where he is responsible for formulating corporate strategies, business development and overall management.

Mr. Lin Zhong currently serves as the rotating chairman of Shanghai Entrepreneur Association (新滬商聯合會), the rotating president of Fujian Chamber of Commerce in Shanghai (上海市福建商會) and the chairman of Xiamen Chamber of Commerce in Shanghai (上海市廈門商會), and the vice president of the China Real Estate Association (中國房地產協會).

Mr. Lin Zhong graduated from Xiamen University with a bachelor's degree in economics. He further pursued and obtained an executive master of business administration degree from Cheung Kong Graduate School of Business and doctor of global business administration degree from Carlson School of Management of University of Minnesota of the United States.

Mr. ZHOU Hongbin (周洪斌), aged 56, was appointed as an executive Director on 25 July 2018 and has been the President since he joined the Group in December 2017. Mr. Zhou ceased to be the President and was appointed as the vice-chairman of the Board on 1 September 2025. Mr. Zhou Hongbin is a member of the Strategy Committee. He is currently a director of Yongsheng Property. On 30 March 2026, Mr. Zhou Hongbin resigned as an executive Director and a member of the Strategy Committee due to his other personal commitment.

Prior to joining our Group, from July 1992 to July 1997, Mr. Zhou Hongbin served as a deputy director of finance department at CCTEG Chongqing Engineering Co., Ltd. (中煤科工集團重慶設計研究院有限公司), an institute mainly engaged in mining engineering, construction engineering and municipal construction, where he was responsible for daily financial accounting. From July 1997 to January 2003, Mr. Zhou Hongbin served as an accounting supervisor at Chongqing Longhu Properties Co., Ltd. (重慶龍湖地產發展有限公司) (formerly known as Chongqing Zhongjianke Real Estate Co., Ltd. (重慶中建科置業有限公司)), a company mainly engaged in property development and indirectly wholly owned by Longfor Group Holdings Co., Ltd. (龍湖集團控股有限公司) (formerly known as Longfor Properties Co., Ltd. (龍湖地產有限公司)) which is listed on the Stock Exchange (stock code: 0960), where he was primarily responsible for financial accounting, financial analysis and fund management. From January 2003 to August 2007, he served as a deputy general manager at Chongqing Longhu Real Estate Development Co., Ltd. Commercial Management Branch Office (重慶龍湖地產發展有限公司商業經營管理分公司), where

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

he was responsible for daily management, investment promotion, business development and shopping mall management. From August 2007 to December 2014, he served as the chairman of the board, general manager of the company and general manager of the property management department at Longhu Property Service Co., Ltd. (龍湖物業服務集團有限公司) and was responsible for overall management and development and property management. From January 2015 to December 2017, he served as a senior vice president at Beijing Qianding Internet Company Limited (北京千丁互聯科技有限公司), a company offering value added services to residential communities, where he was responsible for platform operations and market development.

Mr. Zhou Hongbin has served as a vice president at China Property Management Institute (中國物業管理協會) from October 2014 to May 2019, and became the honorary vice president from May 2019. He has been successively serving as a deputy director at the Industry Development Research Center of China Property Management Institute (中國物業管理協會行業發展研究中心), a deputy director at the Standardization Construction Professional Committee of China Property Management Institute (中國物業管理協會標準化建設專業委員會), a deputy director at the Community Life Service Professional Committee of China Property Management Institute (中國物業管理協會社區生活服務專業委員會) and a executive deputy director at the Community Life Service Professional Committee of China Property Management Institute (中國物業管理協會社區生活服務專業委員會) since March 2014.

Mr. Zhou Hongbin graduated from China University of Mining and Technology (中國礦業大學) in the PRC in July 1992, where he obtained a bachelor degree in accounting.

Mr. Lin Zubo (林祝波), aged 46, was appointed as a non-executive Director on 27 June 2025. Mr. Lin Zubo was re-designated as an executive Director and appointed as the President and a member of the Strategy Committee on 1 September 2025.

Prior to joining the Group, from May 2005 to September 2014, Mr. Lin Zubo successively served as the supervisor, manager, and regional general manager of the engineering management department of Vanke (Chengdu) Enterprise Co., Ltd.* (萬科(成都)企業有限公司). From September 2014 to May 2015, Mr. Lin Zubo served as the deputy general manager of the Chongqing business unit of CIFI (PRC). From June 2015 to March 2017, Mr. Lin Zubo served as the deputy general manager of the Suzhou company of CIFI (PRC). From April 2017 to January 2021, Mr. Lin Zubo served as the executive deputy general manager and general manager of the Chengdu business unit of CIFI (PRC). From February 2021 to August 2022, Mr. Lin Zubo served as the general manager of the West China Region business unit of CIFI (PRC). From September 2022 to November 2023, Mr. Lin Zubo served as the president of the West China Region of CIFI (PRC). From December 2023 to August 2025, Mr. Lin Zubo served as the vice president of CIFI (PRC) and group president of its West China Region.

Mr. Lin Zubo graduated from Hefei University of Technology with a bachelor's degree in Engineering in July 2002.

Mr. ZHOU Di (周迪), aged 49, was appointed as our executive Director on 30 March 2020 and has been the chief financial officer of the Company since he joined the Group on 10 May 2019. Mr. Zhou Di is a member of the Strategy Committee of the Company. He is currently a director of several subsidiaries of the Group. Mr. Zhou is primarily responsible for the overall financial management of the Group.



PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Prior to joining the Group, from July 1999 to June 2001, Mr. Zhou Di worked as financial supervisor at Shanghai Xingtehao Enterprise Company Limited* (上海星特浩企業有限公司). From July 2001 to February 2008, Mr. Zhou Di joined S. B. Submarine Systems Co., Ltd., where he held the position of senior financial manager. From February 2008 to November 2016, he served as the chief financial officer for the Shanghai region at Longfor Group Holdings Limited, the shares of which are listed on the Stock Exchange (Stock code: 960). From December 2016 to July 2017, he was the deputy general manager at the financial management center of Zhenro Group Co., Ltd.* (正榮集團有限公司) (formerly known as Fujian Zhenro Group Co., Ltd.* (福建正榮集團有限公司) where he was in charge of the group's financial management. From August 2017 to May 2019, he served as the director of the management accounting department at the financial center of CIFI Holdings, the shares of which are listed on the Stock Exchange (Stock code: 884) and is one of the controlling shareholders (as defined under the Listing Rules) of the Company.

Mr. Zhou Di graduated from Hefei University of Technology (合肥工業大學) in the PRC in June 1999, where he obtained a bachelor's degree in accounting. He graduated from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2012, where he obtained a master's degree in management. Mr. Zhou Di became a PRC certified tax agent in June 2001, a certified public accountant of the PRC in December 2005, and an associate member of the Association of International Accountants in March 2006.

NON-EXECUTIVE DIRECTOR

Ms. CUI Xiaoqing (崔曉青), aged 51, was appointed as our non-executive Director on 30 November 2023. From 30 November 2023 to 1 September 2025, Ms. Cui served as a member of the Strategy Committee. Ms. Cui is a member of the Nomination Committee.

From August 2006 to November 2009, Ms. Cui served as the secretary of president's office, and the manager of the integrated management department and customer relations department at CIFI (PRC). From November 2009 to January 2011, Ms. Cui served as the deputy general manager of Yongsheng Property. From February 2011 to July 2015, Ms. Cui served as the deputy director of the president's office of CIFI (PRC). From August 2015, she served as the deputy director of administration of CIFI (PRC) and she is currently the director of administration of CIFI (PRC). Since July 2020, Ms. Cui has also been serving as the secretary of the Party Committee of CIFI (PRC).

Since September 2016, she has served as a director of the Education Foundation of Fujian Jian'ou No.1 Middle School* (福建省建甌第一中學教育基金會). Since March 2020, Ms. Cui has served as a director of the CIFI Foundation in Shanghai.

Ms. Cui graduated from Tianjin Normal University majoring in public utilities management in July 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. MA Yongyi (馬永義), aged 61, was appointed as our independent non-executive Director on 26 November 2018. Mr. Ma is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

In February 2004, Mr. Ma joined Beijing National Accounting Institute (北京國家會計學院) and successively served as the director of the distance education center from February 2004 to September 2008 and the director of the administrative office from September 2008 to December 2015 and has been serving as the director of teacher management committee since January 2016.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Since April 2014, Mr. Ma has been serving as an independent supervisor at Chanjet Information Technology Company Limited (暢捷通信息技術股份有限公司), a company listed on the Stock Exchange (stock code: 1588). From April 2016 to April 2020, he served as an independent director at Zhejiang Dun'an Artificial Environmental Company Limited (浙江盾安人工環境股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002011). Since February 2018 to December 2025, he has been serving as an external supervisor at China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company listed on the Stock Exchange (stock code: 1606). Since March 2019 to March 2023, he served as an independent director at Piesat Information Technology Co., Ltd. (航天宏圖信息技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688066). Since April 2020, he has been serving as an independent director at Glodon Company Limited (廣聯達科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002410). Since September 2025, he has been serving as an independent director at SDIC Power Holdings Co., Ltd. (國投電力控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600886).

Mr. Ma graduated from the Central University of Finance and Economics (中央財經大學) (formerly known as Central College of Finance and Economics (中央財政金融學院)) in the PRC and obtained a bachelor degree of accounting in June 1989 and a doctorate degree in management in June 2003.

Mr. CHEUNG Wai Chung (張偉聰), aged 55, was appointed as our independent non-executive Director on 26 November 2018. Mr. Cheung is the chairman of the Audit Committee and a member of the Nomination Committee.

From September 1995 to January 1998, he initially served as an investment officer and then was promoted to an assistant manager II at Sun Hung Kai Real Estate Agency Ltd. (新鴻基地產代理有限公司), a wholly-owned subsidiary of Sun Hung Kai Properties Limited (新鴻基地產發展有限公司) which is listed on the Stock Exchange (stock code: 0016). From January 1998 to March 2000, he served as an assistant investment manager and then was promoted to a deputy investment manager at China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Stock Exchange (stock code: 0308). From March 2000 to April 2001, he served as a project manager at CDC Corporation (formerly known as Chinadotcom Corporation), a company mainly engaged in the provision of online information. From May 2001 to January 2009, he successively served as a research director and portfolio manager at HSZ (Hong Kong) Limited and portfolio manager at Nomura Asset Management Hong Kong Limited (野村投資管理香港有限公司), both companies are engaged in investment management. In November 2012, he joined Culturecom Enterprises Limited (文化傳信企業有限公司), a subsidiary of Culturecom Holdings Limited (文化傳信集團有限公司) which is listed on the Stock Exchange (stock code: 0343), and served as the president and chief financial officer until December 2016. Since January 2017, he has been serving as a senior consultant at RHL International Limited (永利行國際有限公司), a company mainly engaged in corporate valuation and advisory.

Mr. Cheung graduated from The Chinese University of Hong Kong in December 1992, where he obtained a bachelor (honors) degree in business administration. He has been a member and a fellow of The Association of Chartered Certified Accountants since March 1996 and March 2001, respectively, and a charter holder of Chartered Financial Analyst awarded by the Association for Investment Management and Research since November 1999. In October 2019, Mr. Cheung was awarded by the United Nation's PRI Academy Responsible Investment Essentials, an internationally recognized standard on responsible investing and Environmental, Social and Governance (ESG) qualification. In December 2024, Mr. Cheung attained the status of Graduate of the Australian Institute of Company Directors (GAICD). The Australian Institute of Company Directors is a leading institute in advancing corporate governance standards and has the largest number of members globally.



PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. YU Tiecheng (俞鐵成), aged 51, was appointed as our independent non-executive Director on 16 November 2021. Mr. Yu is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Yu is a senior expert in corporate mergers and acquisitions in the People's Republic of China. He is also a member of the Academic and Training Committee of Quanlian M&A Association* (全聯併購公會學術與培訓委員會) and a member of the Expert Advisory Committee of Anhui International Chamber of Commerce* (安徽省國際商會專家諮詢委員會). Mr. Yu graduated from East China Normal University (華東師範大學) with a master's degree in economics majoring in international finance in 1999. Starting from 2000, Mr. Yu served as management in various entities in the fields of finance and investment, including the deputy general manager of Shanghai Baoyin Investment Co., Ltd.* (上海保銀投資有限公司), assistant to the president of Jingfeng Investment Co., Ltd.* (景豐投資有限公司), chairman of the board of Shanghai Tiandao Investment Consultancy Co., Ltd.* (上海天道投資諮詢有限公司), general manager of Shanghai Daojie Equity Investment Management Co., Ltd.* (上海道傑股權投資管理有限公司), and partner of Shanghai Kaishi Yizheng Asset Management Co., Ltd.* (上海凱石益正資產管理有限公司). Currently, Mr. Yu is serving as the dean of Shanghai Huangpu Guanghui M&A Research Institute* (上海市黃浦廣慧並購研究院), the chairman of the board of Gongqingcheng Guanghui Jiabin Venture Capital Management Co., Ltd.* (共青城廣慧嘉賓創業投資管理有限公司), an external director of Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd.* (江西省省屬國有企業資產經營(控股)有限公司) and the vice chairman of Shanghai Financial Culture Promotion Centre* (上海金融文化促進中心).

Mr. Yu has also served as director of various listed companies. Mr. Yu was an independent director of Shanghai Pudong Construction Co., Ltd. (上海浦東建設股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 600284), from May 2007 to May 2013; an independent director of Jiangsu Lianyungang Port Co., Ltd. (江蘇連雲港港口股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 601008), from December 2007 to February 2014; an independent director of Shanghai Shenda Co., Ltd. (上海申達股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 600626), from May 2014 to June 2019; an independent director of Great Wall Movie & Television Co., Ltd. (長城影視股份有限公司), the shares of which was delisted from Shenzhen Stock Exchange in May 2021 (stock code: 002071), from May 2014 to April 2020; an independent director of Youon Technology Co., Ltd. (永安行科技股份有限公司), the shares of which are listed on Shanghai Stock Exchange (stock code: 603776), from November 2019 to October 2020; and an independent director of Create Technology & Science Co. Ltd. (創元科技股份有限公司), the shares of which are listed on Shenzhen Stock Exchange (stock code: 000551), from October 2015 to October 2021. Since November 2017, Mr. Yu has been serving as an independent director of Shanghai Hugong Electric Group Co., Ltd. (上海滬工焊接集團股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 603131). Since May 2023, Mr. Yu has been serving as an independent director of Lao Feng Xiang Group Co., Ltd. (老鳳祥股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600612).

SENIOR MANAGEMENT

Mr. LIANG Bin (梁斌), aged 42, has been appointed as the Group's vice president since he joined the Group on 1 September 2018. Mr. Liang is primarily responsible for the Group's organizational strategy and overall management of human resources and the overall business operations and management of Yongsheng Property's branch offices and subsidiaries in southeast region.

Prior to joining the Group, from July 2005 to May 2009, Mr. Liang joined P&G (China) Co., Ltd. as a management trainee and was promoted to the post of human resources manager. From June 2009 to September 2012, he worked as a senior human resources manager in Tencent Technology (Shenzhen) Co., Ltd. (a company listed on the Stock Exchange, stock code: 700), mainly responsible for talent recruitment and organization development. From October 2012 to September 2013, he served as assistant director of human resources at Standard Chartered Bank (China) Limited. From October 2013 to May 2016, he was the director of human resources at Shimao Real Estate Holdings Limited (a company listed on the Stock Exchange, stock code: 813). From June 2016 to June 2017, he served as the vice president of human resources of YOOZOO Interactive Co. Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002174), responsible for human resources management. From July 2017 to August 2018, he worked for CIFI Group (a company listed on the Stock Exchange, stock code: 884) as human resources director. Mr. Liang has extensive management experience in the areas of top-level organizational strategy design, organizational change and transformation, cultivation of corporate culture system, senior talent headhunt and building talent echelon.

Mr. Liang graduated from Sun Yat-sen University in June 2005 with a bachelor of science degree.

Mr. CHEN Chuanchao (陳傳超), aged 49, joined our Group on 3 March 2014 and was appointed as the Group's vice president in January 2020.

Prior to joining our Group, from March 1999 to March 2014, Mr. Chen worked as a manager at Shanghai Vanke Property Services Co., Ltd. (上海萬科物業服務有限公司), where he was responsible for overall project management and safety management.

Mr. Chen graduated from Central Radio and Television University (中央廣播電視大學) in the PRC in July 2011, where he obtained a diploma in law.

Mr. LIU Guohong (劉國紅), aged 45, joined the Group on 16 September 2019 and was concurrently appointed as the Group's vice president. Mr. Liu is primarily responsible for the overall business operations and management of Yongsheng Property's branch offices and subsidiaries in western region, and is also in charge of the Group's operation management center.

Mr. Liu has joined the property industry since 2003. Prior to joining the Group, Mr. Liu worked successively in Shenzhen Vanke Property Services Co., Ltd. (深圳市萬科物業服務有限公司), Shenzhen Huaye Property Management Co., Ltd. (深圳華業物業管理有限公司) and Longhu Property Services Group Co., Ltd. (龍湖物業服務集團有限公司), rising from project manager and operations director to regional general manager. From 2017 to 2019, Mr. Liu worked as general manager for Lingyue Property Services Group Co., Ltd. (領悅物業服務集團有限公司), a company indirectly wholly owned by Ling Yue Services Group Limited (領悅服務集團有限公司), which is listed on the Stock Exchange (stock code: 2165).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu graduated from Beijing International Business College (北京國際商務學院) in 2006 with a diploma in business enterprise management. In 2020, he was awarded the honour of Sichuan's Top 10 Property Leaders and Industry Leaders (四川十大領袖物業和行業領軍人物榮譽殊榮), and the Top 100 Property Managers (物業百強經理人) for 2 consecutive years.

Mr. XIA Shu (夏曙), aged 42, joined the Group on 17 May 2021 as the general manager of the commercial property division of Yongsheng Property.

Prior to joining the Group, from July 2007 to April 2016, Mr. Xia worked for Shanghai CBRE Property Consulting Co., Ltd. (上海世邦魏理仕物業顧問有限公司) as an assistant manager, senior manager and deputy director of the asset services department in East China region. From May 2016 to May 2021, Mr. Xia joined Onewo Inc. (萬物雲空間科技服務股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 2602), and served as the director of Facility Management Centre (設施管理中心) and Group Competence Centre (集團能力中心) of Shenzhen Onewo Business Enterprise Property Services Company Limited (深圳萬物商企物業服務有限公司), the general manager of Hefei Company of Shenzhen Cushman & Wakefield Vanke Service Property Services Co., Ltd. (深圳市萬物梁行物業服務有限公司) and the general manager of the market development department of Shanghai region, respectively.

Mr. Xia graduated from Tongji University (同濟大學) majoring in engineering management and obtained a bachelor's degree in economics and management. Mr. Xia obtained professional certificates such as Chartered Housing Manager (英國特許房屋經理), Royal Chartered Surveyor (英國皇家特許測量師) and China Property Valuer.

Ms. TAN Dan (談丹), aged 44, joined the Group on 8 November 2021 as business assistant to the president and general manager of group strategy department. Prior to joining the Group, for nearly 10 years from 2010 to 2015 and from 2017 to 2021, Ms. Tan worked as a consulting manager, senior consulting manager and associate partner in the global enterprise consulting services division of International Business Machines (IBM) Corporation. From 2004 to 2010, Ms. Tan worked as a consulting manager and consultant in Accenture (China) Co., Ltd. (埃森哲(中國)有限公司) and China Hewlett-Packard Co., Ltd. (中國惠普有限公司).

Ms. Tan graduated from Guanghua School of Management of Peking University (北京大學光華管理學院) with a bachelor's degree in finance in 2004 and obtained a master's degree in MBA from ESSEC Business School in France in 2009.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the annual report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted and applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the CG Code during the Reporting Period.

The Company will continue to review and enhance its corporate governance practices, and identify and formalize appropriate measures and policies, to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company. Having made specific enquiries to all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees, including any employee or a director or employee of a subsidiary or holding company, who, because of his office or employment, are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees including the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.



CORPORATE GOVERNANCE REPORT

Composition of the Board

During the year ended 31 December 2025 and up to the date of this annual report, the Board comprised seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Members of the Board are listed below:

Member of the Board	Position	Date of appointment
Executive Directors		
Mr. Lin Zhong	Chairman of the Board and executive Director	16 April 2018
Mr. Zhou Hongbin*	Executive Director and vice-chairman of the Board	25 July 2018
Mr. Lin Zhubo	Executive Director and president	27 June 2025
Mr. Zhou Di	Executive Director and chief financial officer	30 March 2020
Non-executive Director		
Ms. Cui Xiaoqing	Non-executive Director	30 November 2023
Independent Non-executive Directors		
Mr. Ma Yongyi	Independent non-executive Director	26 November 2018
Mr. Cheung Wai Chung	Independent non-executive Director	26 November 2018
Mr. Yu Tiecheng	Independent non-executive Director	16 November 2021

* On 30 March 2026, Mr. Zhou Hongbin resigned as an executive Director and a member of the Strategy Committee due to his other personal commitment.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Biography of each Director is set out in the section headed "Profile of Directors and Senior Management" of this annual report. Save as disclosed in the section headed "Profile of Directors and Senior Management" of this annual report, there is no financial, business, family or other material or relevant relationships among members of the Board and senior management.

Chairman and President

Mr. Lin Zhong is the chairman of the Board. According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Lin Zhong currently assumes the role of chairman of the Board while Mr. Lin Zhubo, our executive Director and president, assumes the role of chief executive. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors exceeds one third of the number of the Board members.

The independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period for purpose of Rule 3.13 of the Listing Rules. Based on the confirmations of the independent non-executive Directors, the Company confirms it considers each of them to be independent during the Reporting Period.

Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board. The summary of the mechanisms is set out below:

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time). Further, 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 and input are available.

The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

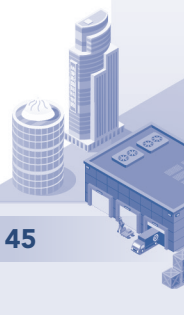
No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

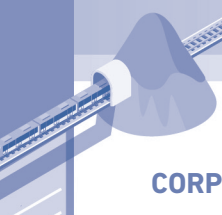
Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution or meeting approving the same.

An annual review of the implementation and effectiveness of such mechanisms would be conducted. During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of independent Non-executive Directors. The Company has received confirmation of independence from each of the independent non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2025.





CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

Each of our executive Directors has entered into a service agreement with our Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our non-executive Director and our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Article 84 of the Articles provides that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with the Articles of Association, any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Training and Continuous Professional Development

All the Directors namely, Mr. Lin Zhong, Mr. Zhou Hongbin, Mr. Lin Zhubo, Mr. Zhou Di, Ms. Cui Xiaoqing, Mr. Ma Yongyi, Mr. Cheung Wai Chung and Mr. Yu Tiecheng, have complied with code provision C.1.4 of the CG Code and participated in continuous professional development to develop and refresh their knowledge and skills and to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director would also be provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statutes, laws, rules and regulations.

Mr. Lin Zhubo, who was appointed as a non-executive Director on 27 June 2025, had obtained legal advice on 25 June 2025, as required under rule 3.09D of the Listing Rules from the legal advisor of the Company and has confirmed that he understood his obligations as a director of a listed company.

During the Reporting Period, all the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

According to information provided by the Directors, records of training received by each director during the year ended 31 December 2025 are summarized below:

Directors	Types of Training
Mr. Lin Zhong	A
Mr. Zhou Hongbin	A, B
Mr. Lin Zubo	A, B
Mr. Zhou Di	A
Ms. Cui Xiaoqing	A
Mr. Ma Yongyi	A
Mr. Yu Tiecheng	A
Mr. Cheung Wai Chung	A, B

A *Attending briefing(s) and/or seminar(s) and/or conference(s)*

B *Reading materials relating to directors' duties and responsibilities*

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2025.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

As at 31 December 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The statements by external auditor, Prism Hong Kong Limited, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged when required. Notices for all regular Board meetings will be given to all Directors at least 14 days before the meetings and the agenda and accompanying Board paper will be given to all Directors at least 3 days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the company secretary with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

The attendance record of each director at the Board meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Directors	Attendance/number of meetings held		
	Board Meetings	Annual General Meeting	Extraordinary General Meeting
Mr. Lin Zhong	5/5	1/1	1/1
Mr. Zhou Hongbin	5/5	1/1	1/1
Mr. Lin Hubo (Appointed on 27 June 2025)	3/3	0/0	1/1
Mr. Zhou Di	5/5	1/1	1/1
Ms. Cui Xiaoqing	5/5	1/1	1/1
Mr. Ma Yongyi	5/5	1/1	1/1
Mr. Cheung Wai Chung	5/5	1/1	1/1
Mr. Yu Tiecheng	5/5	1/1	1/1

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ma Yongyi, Mr. Yu Tiecheng and Mr. Cheung Wai Chung. Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

During the year ended 31 December 2025, the Audit Committee held two meetings to review annual financial results and report for the year ended 31 December 2024 and interim financial results and report for the six months ended 30 June 2025 and to review significant issues on the financial reporting and compliance procedures, internal control and the independence, scope of work and appointment of external auditor. The attendance record of the Audit Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Ma Yongyi	2/2
Mr. Yu Tiecheng	2/2
Mr. Cheung Wai Chung	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.



CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee consists of one executive director, namely Mr. Lin Zhong, two independent non-executive directors, namely Mr. Ma Yongyi, and Mr. Yu Tiecheng. Mr. Yu Tiecheng is the chairman of Remuneration Committee. The primary duties of the Remuneration Committee are, among other things, to recommend the Board on the Group's remuneration policy and structure for the Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to determine, with delegated responsibility, the remuneration packages of the executive Directors and senior management, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, if any.

The Remuneration Committee has adopted the model described in code provision E.1.2(c)(i) of the CG Code in its terms of reference.

During the year ended 31 December 2025, three meetings of the Remuneration Committee were held and the attendance record of the Remuneration Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	3/3
Mr. Ma Yongyi	3/3
Mr. Yu Tiecheng	3/3

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, determined the remuneration packages of individual executive Directors and senior management with delegated responsibility and fulfilled duties as required aforesaid. During the Reporting Period, the Remuneration Committee reviewed the adoption of the 2025 Share Option Scheme. The purpose of the 2025 Share Option Scheme is (i) to motivate the Eligible Participants to work hard for the Group's future development by providing them with an opportunity to acquire the Shares of the Company, thereby promoting long-term stable development of the Group; (ii) to provide the Eligible Participants with incentives and/or rewards for their contributions to the Group; and (iii) to enhance the Group's ability to attract and retain individuals with outstanding skills and extensive experience. The Remuneration Committee also approved the proposed grant of (i) 32,800,000 Options under the 2025 Share Option Scheme to three executive Directors namely, Mr. Zhou Hongbin, Mr. Lin Zhubo and Mr. Zhou Di; and (ii) a total of 27,800,000 Options under the 2025 Share Option Scheme to 29 other employee participants who are not Directors, chief executives or substantial shareholders of the Company. The Remuneration Committee discussed with the chairman of the Board and the senior management of the Company on their proposal and recommendations for the 2025 Share Option Scheme. The purpose of the grant of the Options is to align the grantees' interests with those of the Group through ownership of Options which are convertible into Shares, and to recognise their contributions for the continuous operations and development of the Group. The number of the Options granted to them was determined with reference to, among others, their past performance and contributions, the market conditions and the potential benefits and/or income they may bring to the Group with the work they are involved in. In view of the above, the Remuneration Committee considered that the grant of Options aligns with the purpose of the 2025 Share Option Scheme.

Nomination Committee

The Nomination Committee consists of one executive director, namely Mr. Lin Zhong, one non-executive director, namely Ms. Cui Xiaoqing, and three independent non-executive directors, namely Mr. Ma Yongyi, Mr. Cheung Wai Chung and Mr. Yu Tiecheng. Mr. Lin Zhong is the chairman of Nomination Committee.

The primary duties of the Nomination Committee are, among other things, to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to make recommendation to the Board regarding candidates to fill vacancies on the Board and/or in the management, to assess the independence of the independent non-executive Directors, and to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2025, two meetings of the Nomination Committee were held and the attendance record of the Nomination Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	2/2
Ms. Cui Xiaoqing (Appointed on 27 June 2025)	0/0
Mr. Ma Yongyi	2/2
Mr. Cheung Wai Chung (Appointed on 27 June 2025)	0/0
Mr. Yu Tiecheng	2/2

The Nomination Committee assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, reviewed the time commitment required from the non-executive Director and fulfilled duties as required aforesaid.

Strategy Committee

During the Reporting Period, the Strategy Committee consists of four executive directors, namely Mr. Lin Zhong, Mr. Zhou Hongbin, Mr. Lin Zubo and Mr. Zhou Di. Mr. Lin Zhong is the chairman of Strategy Committee. On 30 March 2026, Mr. Zhou Hongbin resigned as an executive Director and a member of the Strategy Committee.

The primary duties of the Strategy Committee are, among other things, to assist the Board in formulating and evaluating the development strategies and implementation plans of the company's medium and long-term strategic objectives; and make recommendations to the Board on material matters, material investment and financing plans.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, one meeting of the Strategy Committee was held and the attendance record of the Strategy Committee members is set out in the table below:

Name of Directors	Attendance/number of meetings held
Mr. Lin Zhong	1/1
Mr. Zhou Hongbin	1/1
Mr. Lin Zhubo (Appointed on 1 September 2025)	1/1
Mr. Zhou Di	1/1
Ms. Cui Xiaoqing (ceased on 1 September 2025)	0/0

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy in accordance with the requirements of the Listing Rules with effect from 26 November 2018 which sets out the approach to achieve diversity on the Board. The Board Diversity Policy is intended to set out the basic principles to ensure that members of the Board achieve an appropriate balance of skills, experience and perspectives to enhance the effective function of the Board and maintain a high standard of corporate governance.

Nominations and Appointments

Pursuant to the nomination policy, all Board nominations and appointments shall be based on the principle of meritocracy, daily business needs and the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee is primarily responsible for identifying persons with suitable qualifications and selecting nominees to serve as director or to advise the Board on this.

Measureable Objectives

Selection of candidates will be based on a range of diversity and refer to the business model and specific needs of the Company, including but not limited to gender, age, ethnicity, language, cultural background, educational background, industry experience and professional experience. With regards to gender diversity on the Board, the Company recognizes the particular importance of gender diversity. Currently the Board is not a single gender board, the Board is satisfied that gender diversity has been achieved at Board level. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

The following sets out the total workforce (including senior management) by gender of the Group as at 31 December 2025:

	Number of Employees	Percentage
Male	14,359	64.4%
Female	7,941	35.6%

The Group has made progress in past years to maintain a satisfactory gender mix. All human resources processes including recruitment, promotion, rewards and career development opportunities continue to be based on competence, knowledge, experience and merit of the employees and prospective employees, regardless of gender. To ensure diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates with different age, gender and experiences are considered. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a broad and diverse pool of skilled and experienced employees. The Company will continue to implement measures and steps to promote and enhance gender diversity at all levels.

Policy Statement

In order to achieve sustainable and balanced development, the Company regards the increment of diversification in board level as the key element to support its strategic goals and sustainable development. All appointments of the Board are based on the principle of meritocracy and considering the benefits of diversity of the Board.

Monitoring and Reporting

The Board is responsible for reviewing the Board Diversity Policy, expanding and reviewing measurable objectives to ensure the implementation of the Board Diversity Policy and to monitor progress towards measurable objectives. The Board reviews the Board Diversity Policy and measurable objectives at least annually, or at the appropriate time, to ensure the Board Diversity Policy continues to be effective. The Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved Board diversity during the year ended 31 December 2025.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE

The Company has built a scientific, complete and clear standard corporate culture system around customer needs. We uphold the mission of “Building Better Lives” and are committed to achieving the vision of “Grow into A Customer-preferred Smart City Service Brand”. We ensure that our corporate culture is clearly communicated to all staff through a variety of channels, including readings, posters and storytelling. We promote “an appreciative eye, a grateful heart” in the Company, and through multiple merit ratings and timely incentives, etc., we recognize and commend culture benchmarking behaviours in a timely manner to guide our staff to practise our corporate culture and provide satisfactory and surprising services to our customers, so that customers can really get a service experience of “trouble-free, worry-free, and discontent-free”.

Mission	Building Better Lives
Vision	Grow into A Customer-preferred Smart City Service Brand Let customer be trouble-free, worry-free, and discontent-free
Values	An appreciative eye, a grateful heart Happy struggle With heart and soul every day Better for ourselves than for everyone else
Operating Management Principles	Principle of Development, Principle of Service, Principle of Cooperation, Principle of Innovation, Principle of Decision-making, Principle of Authorization, Principle of Implementation, Principle of Risk Control.

COMPANY SECRETARY

Ms. Chan Yin Wah, an associate director of SWCS Corporate Services Group (Hong Kong) Limited, was appointed as the company secretary of the Company on 20 July 2021 and has taken no less than 15 hours of relevant professional training during 2025 and has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

Ms. Chan Yin Wah resigned as the company secretary of the Company with effect from 30 March 2026. On the same date, Ms. OH Sim Yee of SWCS Corporate Services Group (Hong Kong) Limited, an external corporate services provider, was appointed as the company secretary of the Company. Accordingly, as at the date of this annual report, the company secretary of the Company is Ms. OH Sim Yee. The primary contact person of Ms. Chan Yin Wah and Ms. OH Sim Yee at the Company is Mr. Zhou Di, the executive Director and chief financial officer.

AUDITORS

The financial statements contained in this annual report have been audited by Prism Hong Kong Limited. The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services is set out below:

Services rendered	Amount (RMB)
Annual audit	3,060,000
Non-audit services	900,000
Total	3,960,000

The non-audit services mainly included the review of 2025 interim results. The statement of the external auditors of the Company about its reporting responsibilities for the consolidated financial statements is set out in the independent auditors' report of this annual report on pages 85 to 90.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for maintaining an adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such systems on an annual basis. The review covers all material controls, including financial, operational and compliance controls.

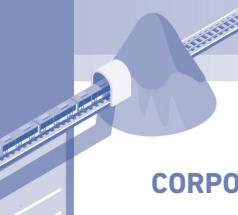
The Group utilizes an integrated risk management system to minimize and protect against a range of strategic, business, financial and legal risks. Through our risk management system, we seek to manage and reduce risks, encourage effective and reliable communication, maintain legal compliance and improve the efficiency of our business and management. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our risk management system is implemented on three levels. Its implementation starts with the manager of each department who is responsible for organizing the daily work in accordance with the relevant policies. The second level involves the active role of the risk management center which centralize our risk management policies and supervise the individual departments through periodic audits. Finally, the highest level involves decision-making by Board regarding certain risk management decisions. The relevant personnel at these three levels are in frequent communication in order to ensure accurate information is shared between all parties.

In order to formulate and implement effective policies, our risk management system emphasizes continuous information gathering. Our risk management system collects data on a variety of business, financial and legal risks such as market demand, technological trends and innovations, comparisons with our competitors, our financial performance and results of operation, costs of services, changes in intellectual property law, company laws and possible legal disputes.

The information gathered is used for risk assessment. Our risk assessment procedures take into account our Company's overall risk philosophy and seek to accurately evaluate how a potential risk may affect our objective in the strategic, business, compliance and financial reporting areas. We seek to identify both internal risks, such as employee ethics, our financial condition or product quality, as well as external risks, such as economic and legal developments, technology advances and environmental factors. Identified risks are assessed on the basis of likelihood of occurrence and the degree of influence it may have on our business. Risks with a high probability of occurring are more closely examined in order to ensure accurate results. We then determine what countermeasures should be implemented in order to avoid, absorb or reduce such risks and any negative consequences.





CORPORATE GOVERNANCE REPORT

The Group has set up an internal audit department, which assists the Board and/or the Audit Committee on the ongoing review of the effectiveness of the Group's risk management and internal control systems. The risk management and internal control system are reviewed at least annually and have been carried out under the leadership of the Board and the Audit Committee and the Board has conducted a comprehensive review of the risk management and internal control system for the year ended 31 December 2025. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies. The Board, through the review of the Audit Committee, considers that the current risk management and material control systems of the Company are effective and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under code provisions D.2.1 to D.2.5 and D.3.3 of the CG Code relating to risk management and internal control.

POLICIES FOR WHISTLEBLOWING AND ANTI-CORRUPTION

The Group has established a series of internal integrity management and business management systems to regulate employee behavior, prevent corruption and fraud, and create a working atmosphere with honesty and integrity.

We have "zero tolerance" attitude for corruption, and encourage employees and any person to report concerns about any suspected or actual improprieties relating to the Group. Moreover, the Group has adopted the whistleblowing and anti-corruption policy which provides guidance to our employees on how to recognize and deal with corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

The whistleblowing and anti-corruption policy, as well as the whistleblowing channels, has been disclosed on the website of the Company, and reviewed annually to ensure its continuous effectiveness.

DISCLOSURE OF INSIDE INFORMATION

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. Declaration of dividends is subject to the discretion of our Directors, depending on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects, as well as any other factors which our Directors may consider relevant. The Company does not have any pre-determined dividend payout ratio. The Board has absolute discretion as to whether to declare any dividend for any year, and in what amount. However, the Board wishes to maintain a dividend payout ratio of no less than 50% in the next year. We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to Article 58 of the Articles of Association, general meetings can be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

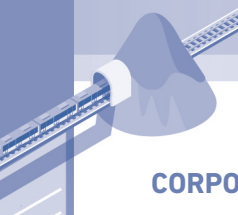
The procedures and contact details for putting forward proposals at Shareholders' meeting

The annual general meeting and other general meetings provide an important opportunity for Shareholders to express their views and the Company encourages and promotes shareholder attendance and participation at general meetings.

The Board members, in particular, the chairman or his delegates, appropriate members of management team and external auditors of the Company will attend annual general meetings to answer Shareholders' questions.

Shareholders attending the annual general meeting and other general meetings are allowed to have a reasonable opportunity to ask questions regarding the items on the meeting agenda, including but not limiting to questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report.





CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to Propose a Person for Election as a Director

If a Shareholder wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details at the principal place of business of the Company or the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. The Proposal should include the biographical details of the proposed Director and a written notice signed by the proposed Director confirming his/her willingness to be elected, the accuracy and completeness of his/her biographical details.

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be properly directed

If you have any query in connection with your shareholdings, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2119 9137

Website: <https://www.computershare.com>

To contact the Company in relation to your query about the Company, the contact details are as follows:

Email: IR@ysservice.com.cn

SHAREHOLDERS COMMUNICATION POLICY

The Company has maintained a Shareholders communication policy which aims at promoting effective communication with the Shareholders and investors and enabling them to exercise their rights in an informed manner. It is the Company's general policy to maintain an on-going dialogue with the Shareholders. Designated contact person maintains regular communication and dialogue with the Shareholders. Enquiries from investors are dealt with in an informative and timely manner. The Company also ensures effective and timely dissemination of information to the Shareholders. As a channel to further promote effective communication, the Group has set up a website at www.ysservice.com.cn where the Company's announcements and press releases, business developments and operations, financial information, and other relevant information are posted. There are multiple channels for shareholders to communicate their views on various matters affecting the Company. In particular, Shareholders may make enquiries to the Company through the Company's investor relations by email at IR@ysservice.com.cn or directly by raising questions at general meetings. Shareholders are also welcome to send written enquiries directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner. In view of the above, the Board considers that the Shareholders communication policy is effective during the year ended 31 December 2025.

DEED OF NON-COMPETITION

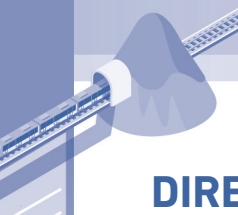
Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei have made an annual declaration to the Company that during the year ended 31 December 2025, he/she/it and his/her/its associates have complied with the terms of the Deed of non-Competition given in favour of the Company. Details of the Deed of Non-Competition are set out in the section headed “Relationship with the Controlling Shareholders” of the Prospectus. The independent non-executive Directors have also reviewed the status of compliance by Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei with the undertakings in the Deed of Non-Competition and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Deed of Non-Competition.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company has not made any changes to its Memorandum and Articles of Association.

An up-to-date copy of each of the Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.





DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL BUSINESS ACTIVITIES

The Company was incorporated in the Cayman Islands on 16 April 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services in the PRC.

The activities and particulars of the Company's subsidiaries are shown under note 29 to the consolidated financial statements in this annual report. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 6 and 9 to the consolidated financial statements in this annual report.

RESULTS

The consolidated results of the Group for the year ended 31 December 2025 are set out on pages 91 to 193 of this annual report.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.0735 per Share for the year ended 31 December 2025 and a special dividend of HK\$0.0294 per Share to reward the Shareholders for their continuous support. The final dividend and special dividend is subject to the approval of the Shareholders at the AGM and is expected to be paid on 29 May 2026 to the Shareholders whose names appear on the register of members of the Company after the close of business on 21 May 2026.

Subject to the approval by the Shareholders of the proposed final dividend and special dividend for the year ended 31 December 2025, the total dividend for the full year of 2025 will achieve HK\$0.1978 per Share. The Company will endeavor to maintain a dividend payout ratio of no less than 50% in the next year.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from 8 May 2026 to 13 May 2026, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM is 13 May 2026. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 7 May 2026; and
- (ii) from 19 May 2026 to 21 May 2026, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend and special dividend. In order to establish entitlements to the proposed final dividend and special dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 18 May 2026.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this directors' report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group is of the view that employees are the foundation for the Group's business operations and an important asset of the Group. By providing employees with an ideal working environment and opportunities for sustainable development, the Group and our employees improve and grow together. More details of our relationship with employees are set out in the section headed "Human Resources" in this annual report.

The Group maintains a good relationship with its customers and suppliers. The Group's property management services are based on the principle of customer orientation, and we strive to continuously improve and explore innovative ideas to provide customers with "satisfactory + surprising" (滿意 + 驚喜) services. We value customer feedback and has established customer complaint handling procedures to ensure customers' complaints are dealt with in a timely and effective manner. We also value collaboration with our business partners to set up sustainable supply chains and achieve win-win solution. More details could be found in the section headed "Major Suppliers and Customers" in this annual report.

The Board believes effective communication and timely information disclosure builds the Shareholders' and investors' confidence, and also facilitates the flow of constructive feedback that are beneficial for investor relations and future corporate development. For more details, please refer to the section headed "Corporate Governance Report" in this annual report.

FINANCIAL SUMMARY

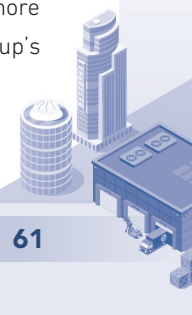
A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 194 of this annual report. This summary does not form part of the audited consolidated financial statements.

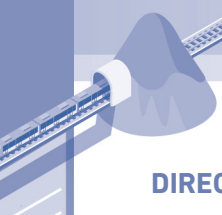
MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the Group's largest customer, Red Star Macalline Group Corporation Ltd. ("Red Star Macalline") and its subsidiaries, branch companies and associates (the "Red Star Macalline Group"), accounted for 8.9% of the Group's total revenue. The Group's five largest customers accounted for 11.7% of the Group's total revenue.

During the Reporting Period, the Group's largest supplier accounted for 1.5% of the Group's total purchase. The Group's five largest suppliers accounted for 4.0% of the Group's total purchase.

For the year ended 31 December 2025, revenue derived from CIFI Group and its associates amounted to RMB209.1 million, representing approximately 3.0% of our annual revenue. Except for the above, none of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.





DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements in this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2025 are set out in the consolidated statements of changes in equity and note 28 to the consolidated financial statements in this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's distributable reserves were RMB1,917.5 million.

BORROWINGS

As at 31 December 2025, the Group's borrowings were RMB36.5 million (31 December 2024: RMB35.5 million).

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group did not make charitable contributions.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were as follow:

Executive Directors

Mr. LIN Zhong (*Chairman*)

Mr. ZHOU Hongbin (*Vice-chairman*)*

Mr. LIN Zhubo (*President*)

Mr. ZHOU Di

Non-executive Director

Ms. Cui Xiaoqing

* On 30 March 2026, Mr. Zhou Hongbin resigned as an executive Director and a member of the Strategy Committee due to his other personal commitment.

Independent Non-executive Directors

Mr. MA Yongyi

Mr. CHEUNG Wai Chung

Mr. YU Tiecheng

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 36 to 42 in the section headed "Profile of Directors and Senior Management" to this annual report.

Save as disclosed in this report, as at the date of this annual report, the Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors for the purpose of Rule 3.13 of the Listing Rules and the Company confirms it considers such Directors to be independent during the year ended 31 December 2025 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

MANAGEMENT CONTRACTS

Other than the Directors' service contract and letters of appointment, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2025.



DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025 and subsisted as at 31 December 2025.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, a permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has purchased the Directors' and Officers' Liability Insurance to provide protection against claims arising from the lawful discharge of duties by the Directors.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Remuneration Committee with delegated responsibility, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors and the five highest paid individuals are set out in note 13 to the consolidated financial statements in this annual report.

The remuneration of the members of senior management of the Company for the year ended 31 December 2025 by band is set out below:

Remuneration level (RMB)	Number of persons
2,000,001 to 2,500,000	1
1,500,001 to 2,000,000	3
1,000,001 to 1,500,000	1

For the year ended 31 December 2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2025.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2025, by our Group to or on behalf of any of the Directors.

HUMAN RESOURCES

The Group had 22,300 employees as at 31 December 2025, as compared to 25,734 employees as at 31 December 2024. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence.

The Group is concerned about the career development of its employees, and has developed a comprehensive training programme covering different topics such as new employee orientation and professional skills training to meet the needs of employees at different levels.

RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. No forfeited contribution under this retirement benefits scheme is available to reduce the contribution payable in future years.

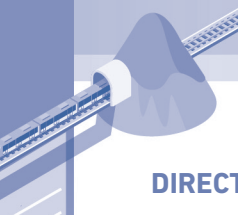
The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

SHARE OPTION SCHEME

The 2025 Share Option Scheme was approved by the Shareholders at the extraordinary general meeting held on 29 December 2025 and had been adopted on 30 December 2025 on which the date for the Company obtained the listing approval from the Stock Exchange. For the purpose of Chapter 17 of the Listing Rules, the 2025 Share Option Scheme constitutes a share scheme involving the grant of options over new Shares by the Company. A summary of the principal terms of the 2025 Share Option Scheme is set out below:

Purpose:	The purpose of the 2025 Share Option Scheme is to (i) to motivate the Eligible Participants to work hard for the Group's future development by providing them with an opportunity to acquire the Shares of the Company, thereby promoting long-term stable development of the Group; (ii) to provide the Eligible Participants with incentives and/or rewards for their contributions to the Group; and (iii) to enhance the Group's ability to attract and retain individuals with outstanding skills and extensive experience.
Eligible Participants:	Eligible Participants shall include: (i) any current employee, executive or officer of the Group; or (ii) any director (including non-executive Directors but excluding independent non-executive Directors) of the Group.





DIRECTORS' REPORT

Scheme Limits:

The Scheme Mandate Limit must not in aggregate exceed 172,855,400 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit; and (ii) the Fixed Limit must not exceed 60,600,000 Shares, representing 3.51% of the total number of Shares in issue (excluding treasury shares, if any) as at the Adoption Date or the relevant date of approval of the refreshment of the Fixed Limit.

As at the date of this report, a total of 60,600,000 Shares, representing approximately 3.52% of the total number of Shares in issue (excluding treasury Shares) of the Company as at the date of this report, were available for issue under the 2025 Share Option Scheme, including those granted but not yet lapsed or exercised options which may subscribe for 60,600,000 Shares.

Maximum entitlement of an Eligible Participant:

No Option shall be granted to a Grantee if it would result in the total number of Shares issued and to be issued in respect of all the Options granted under the 2025 Share Option Scheme and, if any, the share options and other share awards granted under any other share scheme(s) of the Company to such person (excluding any Options and any share options and other share awards lapsed or forfeited in accordance with the terms of the share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding 1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding treasury shares, if any) as at the date of such grant, unless:

- (i) such grant has been separately approved by the Shareholders in general meeting, with such Grantee and his close associates (or associates if such Grantee is a connected person) abstaining from voting;
- (ii) the Company must despatch a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Grantee; and
- (iii) the number and terms of the Options to be granted to such Grantee are fixed before the Shareholders' approval.

If the Board determines to offer to grant Options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) and that grant would result in the number of Shares issued and to be issued in respect of all options and awards granted to such person under this Scheme and the other share schemes (excluding any options and awards lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the Offer Date representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue (excluding treasury shares, if any) on such Offer Date, such further grant shall be subject to the approval of the Shareholders in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time.

Amount payable on acceptance of an Option:	A consideration of HK\$1.00 shall be payable by the Grantee together with the duly signed offer document constituting acceptance of the Option
Basis of determination of the exercise price:	The exercise price in relation to each Option offered to an Eligible Participant shall be determined by the Board in its absolute discretion but in any event shall be not less than the highest of: (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; and (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date.
Exercise period of an Option:	An Option may be exercisable at any time during such period to be notified by the Board to each Grantee provided that such period shall be no later than 31 December 2030
Vesting period	Pursuant to the Scheme Rules, the vesting period for an Option shall not be less than 12 months.
Performance targets	The 2025 Share Option Scheme does not stipulate any specific performance target that the Grantee is required to achieve before the relevant Option can be exercised. However, the Board retains discretionary power to impose different performance targets on Options when deemed appropriate. Pursuant to the 2025 Share Option Scheme, the performance targets which may be imposed by the Board could include (without limitation) any one or more of the following metrics from a corporate-wide, subsidiary, division, operating unit, line of business, project, geographic and/or individual perspective: cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; share price; total shareholders' return; customer satisfaction metrics; and such other goals as the Board may determine from time to time.



DIRECTORS' REPORT

Clawback mechanism

There is a clawback mechanism under the 2025 Share Option Scheme. Upon the occurrence of the events including the Grantee being involved in serious misconduct, a material misstatement in the Company's financial statements, the Option being linked to any performance targets which is calculated in a materially inaccurate manner, and/or any other event occurs as the Board may determine, the Board may clawback such number of Options (to the extent not being exercised) granted or extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period. The Options that are clawed back shall be regarded as cancelled accordingly.

Duration

Unless otherwise terminated in accordance with the Scheme Rules, a period of five (5) years commencing on the Adoption Date, after which period, no further Options may be offered or granted but the provisions of the 2025 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2025 Share Option Scheme. The remaining life of the 2025 Share Option Scheme was approximately four years and nine months.

During the year ended 31 December 2025, details of movements in the share option under the 2025 Share Option Scheme are as follows:

Category and name of grantee	Number of Share Options						Exercise price per Share (HK\$)	Date of grant
	Outstanding as at 1 January 2025	Granted during 2025	Exercised during 2025	Cancelled during 2025	Lapsed during 2025	Outstanding as at 31 December 2025		
Directors								
Mr. Zhou Hongbin	—	15,000,000	—	—	—	15,000,000	1.89	13 November 2025
Mr. Lin Zhubo	—	15,000,000	—	—	—	15,000,000	1.89	13 November 2025
Mr. Zhou Di	—	2,800,000	—	—	—	2,800,000	1.89	13 November 2025
Sub-total	—	32,800,000	—	—	—	32,800,000	1.89	13 November 2025
Employee grantees								
29 other employees	—	27,800,000	—	—	—	27,800,000	1.89	13 November 2025
	—	60,600,000	—	—	—	60,600,000		

Notes:

- (1) The closing price of the Shares immediately before the date of grant (13 November 2025) was HK\$1.89 per Share.
- (2) The 2025 Share Option Scheme was adopted on 30 December 2025 on which the date for the Company obtained the listing approval from the Stock Exchange. The weighted average fair value of each option at that date was approximately HK\$0.50. The relevant accounting policy is described in the section headed "Share Option Scheme" in Note 39 to the consolidated financial statements in this annual report.
- (3) Subject to the fulfilment of the vesting conditions imposed by the Board on the Options, such Options shall vest according to the following schedule:
 - (i) 20% shall be vested on 10 April 2027;
 - (ii) 35% shall be vested on 10 April 2028;
 - (iii) 30% shall be vested on 10 April 2029; and
 - (iv) 15% shall be vested on 10 April 2030.

The vesting of the Options is subject to the achievement of the individual's annual performance targets set by the Group for the relevant year. The Company has established an appraisal mechanism which comprises a mixture of key performance indicator components as may be determined by the Board for the purpose of calculating and assessing the fulfilment of performance targets by each of the relevant grantees. In the event of failure to achieve the performance target for the relevant year, the evaluation may be extended to the following years up until the last vesting date.

- (4) As the 2025 Share Option Scheme was adopted on 30 December 2025 and all the Options have been granted under the 2025 Share Option Scheme, the number of options available for grant under the Share Option Scheme as at 1 January 2025 and as at 31 December 2025 is nil.
- (5) The total number of Shares which may be issued upon the exercise of the share options granted under the 2025 Share Option Scheme divided by the weighted average number of Shares (excluding treasury Shares) in issue during the year is 3.51%.



DIRECTORS' REPORT

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

Name of Director	Nature of Interest	Number of ordinary shares interested ⁽¹⁾	Approximate percentage of the issued Shares (%)
Mr. Lin Zhong ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	Interest in a controlled corporation	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
	Interest in a controlled corporation	273,180,000 (L)	15.80
	Co-founder of a discretionary trust	1,500,000 (L)	0.09
Mr. Zhou Hongbin	Beneficial owner	63,460,750 (L)	3.67
Mr. Lin Zubo	Beneficial owner	600,000 (L)	0.03
Mr. Zhou Di	Beneficial owner	1,434,800 (L)	0.08

Notes:

- (1) The letter "L" denotes person's long position in the Shares and the letter "S" denotes person's short position in the Shares.
- (2) Spectron and LMR Partners Limited ("LMR") entered into a pre-paid call option confirmation and a sale and swap transaction, under which Spectron will grant LMR a prepaid call option over 142,387,000 Shares and as a credit enhancement, Spectron will transfer 406,820,000 Shares to LMR, with LMR providing a total return swap on the same shares to Spectron. Spectron is wholly owned by Xu Sheng Limited which is a direct wholly-owned subsidiary of CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Therefore, Mr. LIN Zhong is deemed to be interested in the long position under unlisted physically settled equity derivatives over 406,820,000 Shares and the short position under unlisted physically settled equity derivatives over 142,387,000 Shares held by Spectron pursuant to Part XV of the SFO.
- (3) Able Legend Development Limited ("Able") separately granted LMR a put option over 406,820,000 Shares, while LMR granted a put option to Able over 142,387,000 Shares. Mr. Lin Zhong owns 50% of Able. As such, he is taken to be interested in the long position under unlisted physically settled equity derivatives over 406,820,000 Shares and the short position under unlisted cash settled equity derivatives over 142,387,000 Shares that Able is interested in pursuant to Part XV of the SFO.
- (4) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements of the Company dated 29 May 2020 and 28 June 2020. The entrustment was terminated on 22 December 2025. By virtue of the SFO and based on the public information available, Mr. Lin Zhong is deemed to be interested in the 273,180,000 Shares held by Elite Force Development.

- (5) Rosy Fortune Investments Limited ("**Rosy Fortune**") is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust (Singapore) Limited ("**Standard Chartered Trust**") as the trustee of the Lin's Family Trust via SCTS Capital Pte. Ltd. ("**SCTS Capital**"). The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the 1,000,000 Shares held by Rosy Fortune.
- (6) Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. By virtue of the SFO, Mr. Lin Zhong is deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.

INTEREST IN SHARES OR UNDERLYING SHARES OF ASSOCIATED CORPORATION

Name of Director	Associated Corporation	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding interest
Mr. LIN Zhong ⁽¹⁾	Elite Force Development	Beneficial owner	100	100%

Notes:

- (1) The entire issued share capital of Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei has entered into an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Mr. Lin Zhong is taken to be interested in the shares of Elite Force Development pursuant to Part XV of the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2025, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as at 31 December 2025, the following persons (other than the Directors or chief executive) had an interests or short positions in the Shares or underlying Shares as required in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of ordinary shares interested ⁽¹⁾	Approximate percentage of the issued Shares (%)
Mr. Lin Feng ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
	Interest in a controlled corporation Co-founder of a discretionary trust	273,180,000 (L)	15.80
		1,500,000 (L)	0.09
Mr. Lin Wei ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
	Interest in a controlled corporation Co-founder of a discretionary trust	273,180,000 (L)	15.80
		1,500,000 (L)	0.09
Spectron ⁽²⁾	Beneficial owner	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
Xu Sheng Limited ⁽²⁾	Interest in a controlled corporation	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
CIFI Holdings ⁽²⁾	Interest in a controlled corporation	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
Elite Force Development ⁽³⁾	Beneficial owner	273,180,000 (L)	15.80
Able ⁽⁶⁾	Beneficial owner	406,820,000 (L)	23.54
		142,387,000 (S)	8.24
LMR ⁽⁷⁾	Investment manager	142,387,000 (L)	8.24
		142,387,000 (S)	8.24

Notes:

- (1) The letter "L" denotes person's long position in the Shares and the letter "S" denotes person's short position in the Shares.
- (2) Spectron and LMR entered into a pre-paid call option confirmation and a sale and swap transaction, under which Spectron will grant LMR a prepaid call option over 142,387,000 Shares and as a credit enhancement, Spectron will transfer 406,820,000 Shares to LMR, with LMR providing a total return swap on the same shares to Spectron. As such, Spectron is interested in the long position under unlisted physically settled equity derivatives over 406,820,000 Shares and the short position under unlisted physically settled equity derivatives over 142,387,000 Shares. Spectron is wholly owned by Xu Sheng Limited which is a direct wholly-owned subsidiary of CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Therefore, each of Xu Sheng Limited, CIFI, Mr. Lin Feng and Mr. Lin Wei is deemed to be interested in the long and short positions in the Shares held by Spectron by way of the equity derivatives by virtue of the SFO.

- (3) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements of the Company dated 29 May 2020 and 28 June 2020. The entrustment was terminated on 22 December 2025. By virtue of the SFO and based on the public information available, each of Mr. Lin Feng and Mr. Lin Wei is deemed to be interested in the 273,180,000 Shares held by Elite Force Development.
- (4) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Feng and Mr. Lin Wei. By virtue of the SFO, each of Mr. Lin Feng and Mr. Lin Wei is deemed to be interested in the 1,000,000 Shares held by Rosy Fortune.
- (5) Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. By virtue of the SFO, each of Mr. Lin Feng and Mr. Lin Wei is deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.
- (6) Able separately granted LMR a put option over 406,820,000 Shares, while LMR granted a put option to Able over 142,387,000 Shares. As such, Able is interested in the long position under unlisted physically settled equity derivatives over 406,820,000 Shares and the short position under unlisted cash settled equity derivatives over 142,387,000 Shares.
- (7) Spectron and LMR entered into a pre-paid call option confirmation and a sale and swap transaction, under which Spectron will grant LMR a prepaid call option over 142,387,000 Shares and as a credit enhancement, Spectron will transfer 406,820,000 Shares to LMR, with LMR providing a total return swap on the same shares to Spectron. Able separately granted LMR a put option over 406,820,000 Shares, while LMR granted a put option to Able over 142,387,000 Shares. As such, LMR is interested in the short positions under unlisted cash settled equity derivatives over 142,387,000 Shares and two separate unlisted physically settled equity derivatives over 406,820,000 Shares, as well as in the long position under unlisted physically settled equity derivatives over 406,820,000 Shares.
- (8) Mr. Lin Zhong, an executive Director, is also a director of Elite Force Development, Able, Xu Sheng Limited and CIFI Holdings. Save as disclosed, there is no other Director who is also a director or employee of any company mentioned in the above table.

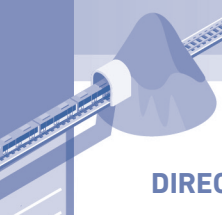
Save as disclosed herein, as at 31 December 2025, our Directors are not aware of any persons (other than the Directors or chief executive) who had an interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the section headed "Connected Transactions" in this annual report and the section headed "Related Party Transactions" in note 31 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, Mr. Lin Zhong, being an executive Director, was a substantial shareholder of and held directorship in CIFI Holdings. In 2021, CIFI Group commenced operation of its own property management business in some projects, which was considered to be competing business for the Group. Therefore, Mr. Lin Zhong was considered to have interests in competing business for the Group which were required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.



DIRECTORS' REPORT

Save as disclosed above, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

LOAN AND GUARANTEE

During the year ended 31 December 2025, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As at 31 December 2025, the Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Connected Transactions" in this annual report and the section headed "Related Party Transactions" in note 31 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 December 2025 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their subsidiaries was entered into during the year ended 31 December 2025 or subsisted at the end of the year.

CONNECTED TRANSACTIONS

During the Reporting Period, the Company has strictly complied with the requirements specified under Chapter 14A of the Listing Rules in respect of its connected transaction and continuing connected transactions. Details of the relevant connected transaction and continuing connected transactions are as follows:

Connected Transaction Subject to the Reporting and Announcement Requirements

On 30 June 2025, Yongsheng Property entered into lease agreement (the "Lease Agreement") with Shanghai Shengyan Industrial Co., Ltd.* (上海盛嚴實業有限公司) (the "Lessor") to lease certain office buildings situated in Shanghai (the "Properties") for a term commencing from 1 July 2025 and ending on 31 December 2027 (both days inclusive). In accordance with HKFRS 16, the Group will recognise right-of-use assets in its consolidated statement of financial position in respect of the lease of Properties under the Lease Agreement. As the Lessor is a non-wholly owned of CIFI Holdings, who is one of our Controlling Shareholders at the relevant time, the Lessor is a connected person of the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules in respect of the value of the right-of-use assets under the Lease Agreement exceeds 0.1% but all of which are less than 5%, the transaction contemplated under the Lease Agreement is subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent

Shareholders' approval requirements. Pursuant to the Lease Agreement, the rental payable is RMB365,137 per month (tax inclusive), which is determined after arm's length negotiations between parties after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Properties. In accordance with HKFRS 16, the rental payment is capital in nature and the Properties was recognised as right-of-use assets of the Group on 1 July 2025 for an amount of approximately RMB9,665,223. The entering into of the Lease Agreement can provide the Group with enhanced and necessary office and premises to satisfy its daily business operation needs and will also enable the Group to secure a long term premise for office use, which will continue to enhance the operation and management capacity of the Group. For details, please refer to the announcement of the Company dated 30 June 2025.

Continuing Connected Transaction Subject to the Reporting, Annual Review and Announcement Requirements

1. CIFI Merchandise Procurement Framework Agreement

On 26 September 2023, the Company and CIFI Holdings entered into a merchandise procurement framework agreement (the "CIFI Merchandise Procurement Framework Agreement"), which sets out the principal terms for the provision of goods and related value-added services by the Group to CIFI Group for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).

For the year ended 31 December 2025, the transaction amount in respect of the CIFI Merchandise Procurement Framework Agreement amounted to approximately RMB15.2 million, which is within the annual cap of RMB110.0 million.

It is estimated that the annual cap for the transactions contemplated under the CIFI Merchandise Procurement Framework Agreement for the year ending 31 December 2026 is RMB110.0 million.

At the relevant time, CIFI Holdings was one of our Controlling Shareholders and was therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the CIFI Merchandise Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

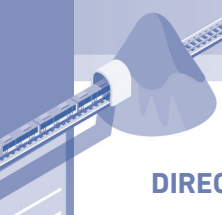
As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps under the CIFI Merchandise Procurement Framework Agreement exceed 0.1% but less than 5%, the transactions contemplated under the CIFI Merchandise Procurement Framework Agreement are subject to reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent Shareholders' approval requirements.

2. Payments of deposits to the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei

As part of its usual and ordinary course of business, the Group provides sales agency services to certain associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group). The Group enters into the individual agreements in connection with the provision of the sales agency services which contain the specific terms for the provision of such services.

As part of the provision of the sales agency services, the relevant member of the Group may agree after negotiations with the relevant associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group) to the payment of deposits under the relevant individual agreement. The Board understood from the Stock Exchange that annual caps should be established for deposits that are paid by the Group to its customers in transactions that are of similar nature as sales agency services. In order to comply with Rule 14A.53 of the Listing Rules, the Board has determined the annual caps for the deposits for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).





DIRECTORS' REPORT

For the year ended 31 December 2025, the maximum daily balance of deposits to be paid by the Group to the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group) was RMB76.6 million, which is within the annual cap of RMB94.4 million.

It is estimated that the maximum daily balance of deposits to be paid by the Group to the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group) for year ending 31 December 2026 will not exceed 87.6 million.

At the relevant time, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei were our substantial shareholders and was therefore connected persons of the Company under the Listing Rules. Accordingly, the payment of deposits is considered by the Stock Exchange as continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for maximum daily balance of deposits to be paid by the Group to the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group) for the three financial years ending 31 December 2026 exceed 0.1% but less than 5%, such transactions are subject to reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular and independent Shareholders' approval requirements.

3. UCS Property Management Services Master Agreement

On 26 September 2023, the Company and Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei entered into a property management services master agreement (the **"UCS Property Management Services Master Agreement"**), pursuant to which the Group agreed to provide property management services, including but not limited to (i) preliminary planning and design consultancy services (the **"UCS Planning Services"**); (ii) property management services for unsold properties, car parking lots and the properties held by Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei and their associates (excluding CIFI Group); (iii) on-site securing, cleaning, greening, as well as customer services to property sales offices; and (iv) cleaning and house inspection services to the property projects developed by the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (excluding CIFI Group) upon completion of construction and before delivery of the same to homeowners, and other value-added services (scope (ii) to (iv) collectively, the **"UCS Property Management Services"**), for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive), and such associates mainly comprise the joint ventures and associated companies of CIFI Group.

For the year ended 31 December 2025, the transaction amount in respect of the UCS Property Management Services amounted to approximately RMB81.8 million, which is within the annual caps of RMB178.0 million, while the transaction amount in respect of the UCS Planning Services amounted to approximately RMB2.6 million, which is also within the annual cap of RMB12.0 million.

It is estimated that the annual caps of service fee payable by the companies controlled by the associates of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei (except for CIFI Group) under the UCS Property Management Services Master Agreement for the year ending 31 December 2026 is RMB200.0 million, including RMB187.5 million for the UCS Property Management Services and RMB12.5 million for the UCS Planning Services.

At the relevant time, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei was our substantial shareholders and was therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions under the UCS Property Management Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profit ratio) as defined in Rule 14.07 of the Listing Rules for the annual caps contemplated under the UCS Property Management Services Master Agreement exceed 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Macalline Property Services Framework Agreement

On 28 December 2023, Macalline Property, an indirect non-wholly-owned subsidiary of the Company, entered into a property services framework agreement (the **"Macalline Property Services Framework Agreement"**) with Red Star Macalline, pursuant to which Macalline Property and its subsidiaries (collectively the **"Macalline Property Group"**) shall agree to provide to Red Star Macalline Group property management services for the furnishing shopping malls in the PRC which are operated by the Red Star Macalline Group and certain designated properties held by or used by the Red Star Macalline Group, including but without limitation to (i) property management services for the properties which are operated by or held by the Red Star Macalline Group; (ii) pre-delivery cleaning and house inspection services for the properties operated by the Red Star Macalline Group; and (iii) other value-added services such as additional security, cleaning, greening, as well as repair and maintenance services (the **"Macalline Property Services"**) for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).

For the year ended 31 December 2025, the transaction amount in respect of the Macalline Property Services Framework Agreement amounted to approximately RMB611.3 million, which is within the annual cap of RMB700.0 million.

It is estimated that the annual caps for the transactions contemplated under the Macalline Property Services Framework Agreement for the year ending 31 December 2026 is RMB750.0 million.

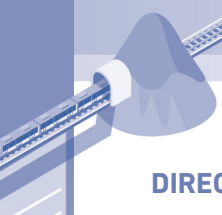
As Red Star Macalline is the holding company of a substantial shareholder of Macalline Property, Red Star Macalline is a connected person of the Company at subsidiary level under the Listing Rules. Therefore, the transactions contemplated under the Macalline Property Services Framework Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Macalline Property Services Framework Agreement are exempt from circular, independent financial advice and independent Shareholders' approval requirements.

5. Longzhihui Cleaning Service Framework Agreement

On 28 December 2023, Macalline Property entered into a cleaning services framework agreement (the **"Longzhihui Cleaning Service Framework Agreement"**) with Longzhihui Shanghai Facility Management Service Co., Ltd. (the **"Longzhihui Shanghai"**), pursuant to which Macalline Property shall, in accordance with its business operation needs, entrust the Longzhihui Shanghai and its subsidiaries (the **"Longzhihui Shanghai Group"**) to provide cleaning services to the Macalline Property Group, including but without limitation to (i) cleaning services with respect to all public areas, passages and elevators of the projects under the management of the Macalline Property Group; (ii) cleaning services with respect to the rooftop area, building peripheries, road surfaces in parking lots, green belts, drainage ditches and various ancillary facilities of rooftop areas, building peripheries and parking lots of the projects under the management of the Macalline Property Group; and (iii) other cleaning services required by the Macalline Property Group on an ad-hoc basis (the **"Longzhihui Cleaning Services"**) for a term commencing from 1 January 2024 to 31 December 2026 (both dates inclusive).





DIRECTORS' REPORT

For the year ended 31 December 2025, the transaction amount in respect of the Longzhihui Cleaning Service Framework Agreement amounted to approximately RMB57.5 million, which is within the annual cap of RMB80.0 million.

It is estimated that the annual caps for the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement for the year ending 31 December 2026 is RMB86.0 million.

As Longzhihui Shanghai is a fellow subsidiary of Red Star Macalline, and Red Star Macalline is the holding company of a substantial shareholder of Macalline Property, Longzhihui Shanghai is a connected person of the Company at subsidiary level under the Listing Rules. Therefore, the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the Longzhihui Cleaning Service Framework Agreement are exempt from circular, independent financial advice and independent Shareholders' approval requirements.

Continuing Connected Transaction Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

1. CIFI Property Management Services Master Agreement

On 10 October 2022, the Company entered into a property management services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "2022 CIFI Property Management Services Master Agreement"), pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, property management services including but without limitation to (i) property management services for unsold properties, car parking lots and the properties owned by CIFI Group; (ii) on-site security, cleaning, greening, as well as customer services to property sales offices; (iii) preliminary planning and design consultancy services; and (iv) cleaning and house inspection services to the property projects developed by CIFI Group upon completion of construction and before delivery of the same to homeowners and other value-added services to CIFI Group for a period commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

For the year ended 31 December 2025, the transaction amount for the property management services; on-site security, cleaning, greening and customer services; and cleaning and housing inspection services and other value-added services amounted to approximately RMB104.5 million, which is within the annual cap of RMB1,060.0 million, while the transaction amount for the preliminary planning and design consultancy services amounted to approximately RMB5.0 million, which is also within the annual cap of RMB90.0 million.

On 31 December 2025, the Company also entered into a new property management services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2026 to 31 December 2028 (both dates inclusive) (the "2025 CIFI Property Management Services Master Agreement").

It is estimated that the annual caps of service fee payable by CIFI Group (i) for the year ending 31 December 2026 is RMB125.0 million, including RMB121.1 million for the CIFI Property Management Services and RMB3.9 million for the CIFI Planning Services; (ii) for the year ending 31 December 2027 is RMB125.0 million, including RMB121.1 million for the CIFI Property Management Services and RMB3.9 million for the CIFI Planning Services; and (iii) for the year ending 31 December 2028 is RMB125.0 million, including RMB121.1 million for the CIFI Property Management Services and RMB3.9 million for the CIFI Planning Services.

At the relevant time, CIFI Holdings was one of our Controlling Shareholders and was therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the 2022 CIFI Property Management Services Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the 2022 CIFI Property Management Services Master Agreement are more than 5% on an annual basis, the transactions under the 2022 CIFI Property Management Services Master Agreement are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. CIFI Sales Agency Services Framework Agreement

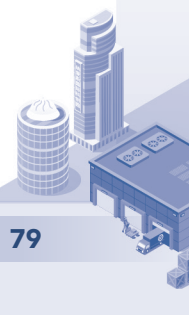
On 29 October 2024, the Company entered into a sales agency services framework agreement with CIFI Holdings for a term of three years commencing from 1 January 2025 to 31 December 2027 (both dates inclusive) (the "2025 CIFI Sales Agency Services Framework Agreement").

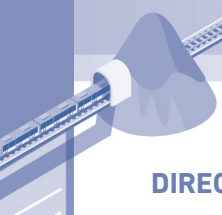
For the year ended 31 December 2025, the maximum annual commission payable by CIFI Group to the Group for the sales agency services amounted to approximately RMB0.03 million, which is within the annual cap of RMB10.35 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group was approximately RMB73.5 million, which is within the annual cap of RMB756.4 million.

It is estimated that (i) for the year ending 31 December 2026, the maximum annual commission payable by CIFI Group to the Group for the sales agency services will not exceed RMB11.26 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group will not exceed RMB705.3 million; and (ii) for the year ending 31 December 2027, the maximum annual commission payable by CIFI Group to the Group for the sales agency services will not exceed RMB16.58 million, and the maximum daily balance of deposits to be paid by the Group to CIFI Group will not exceed RMB631.8 million.

At the relevant time, CIFI Holdings was one of our Controlling Shareholders and was therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the CIFI Sales Agency Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the 2025 CIFI Sales Agency Services Framework Agreement is more than 5%, the deposits constitute non-exempt continuing connected transactions of the Company. Therefore, the payment of the deposits is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.





DIRECTORS' REPORT

Save as disclosed above, during the year ended 31 December 2025, the Group has not entered into any continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

The Company adjusts the scope and amount of continuing connected transactions and the annual caps exempted from disclosure (where necessary) in accordance with its internal control procedures. During the year ended 31 December 2025, the Company has followed the pricing policies and guidelines for each of the continuing connected transactions disclosed in this annual report when determining the price and terms of such transactions conducted. The Directors are of the view that the Company's internal control procedures are adequate and effective to ensure that transactions are so conducted.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions carried out during the year and confirm the transactions thereunder had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules:

- (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board.
- (ii) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group and the relevant agreements governing such transactions.
- (iii) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions of the Group for the year ended 31 December 2025 are set out in note 31 to the consolidated financial statements in this annual report.

Save as disclosed above, during the Reporting Period, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

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

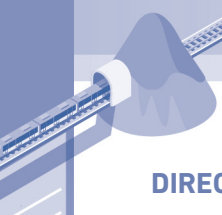
Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 22 May 2025, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 172,855,400 Shares, representing 10% of the total number of Shares in issue as at 22 May 2025 (the "Buy-back Mandate"). During the year ended 31 December 2025, pursuant to the Buy-back Mandate, the Company bought back an aggregate of 2,162,000 Shares on the Stock Exchange at a total consideration of approximately HK\$3,684,720, exclusive of commissions and other expenses.

Details of the Share buy-backs during the Reporting Period were as follows:

Date of buy-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back
		Highest price paid	Lowest price paid	HK\$
		HK\$	HK\$	
15 December 2025	162,000	1.69	1.67	272,100
16 December 2025	200,000	1.69	1.65	333,880
17 December 2025	200,000	1.71	1.70	340,960
18 December 2025	200,000	1.74	1.70	346,680
19 December 2025	200,000	1.75	1.72	348,820
22 December 2025	200,000	1.74	1.72	346,400
23 December 2025	200,000	1.70	1.68	338,660
24 December 2025	200,000	1.70	1.68	337,760
29 December 2025	200,000	1.70	1.68	338,100
30 December 2025	200,000	1.70	1.68	338,960
31 December 2025	200,000	1.72	1.70	342,400
Total	2,162,000			3,684,720

The Shares bought back by the Company during the year ended 31 December 2025 have all been cancelled on 25 February 2026.

Since the end of the Reporting Period and up to the date of this annual report, the Company made a series of repurchases of the Shares on the Stock Exchange, during which the Company repurchased a total of 3,800,000 Shares pursuant to the Buy-back Mandate. As at the date of this annual report, an aggregate of 5,962,000 Shares repurchased during the Reporting Period and thereafter had been cancelled on 25 February 2026.



DIRECTORS' REPORT

The Board believed that the Shares were trading at a price level which does not fully reflect the underlying value of the Company. As such, depending on the market conditions and the Company's actual needs at the relevant time, the Board made such repurchases. The Board also believed that the repurchase of Shares would demonstrate the Company's confidence in its long-term business prospects, which would in turn benefit the Company and will also be in the interest of the Company and the Shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale or transfer of treasury shares) of the Company during the Reporting Period. As at 31 December 2025, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, the Group did not hold any significant investment.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

Fulfillment of performance targets

In relation to the acquisition of Macalline Property

According to the audited consolidated financial statements of Macalline Property for the year ended 31 December 2025, the profit guarantee for the year ended 31 December 2025 as set out in the announcement dated 15 October 2021 has been fulfilled and no compensation has been made.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, saved as disclosed in this annual report, the Group did not have any other immediate plans for material investments and capital assets.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has applied the principles of good corporate governance and complied with the code provisions set out in Part 2 of the CG Code during the Reporting Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 43 to 59 of this annual report.

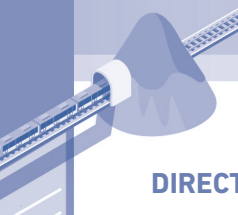
ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2025 to be published on 20 April 2026.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this annual report, no event has taken place subsequent to 31 December 2025 and up to the date of this annual report that may have a material impact on the Group's operating and financial performance that needs to be disclosed.





DIRECTORS' REPORT

AUDITOR

Deloitte Touche Tohmatsu was the auditor of the Company with effect from 19 November 2020. On 15 May 2023, Deloitte Touche Tohmatsu resigned as the auditor of the Company and the Board appointed Prism Hong Kong Limited as the auditor of the Company to fill the casual vacancy. For details, please refer to the announcement of the Company dated 16 May 2023. There has been no change in auditors since then. The consolidated financial statements for the year ended 31 December 2025 have been audited by Prism Hong Kong Limited, Certified Public Accountants, who shall retire at the forthcoming AGM. A resolution for reappointment of the independent auditor of the Company will be proposed at the forthcoming AGM.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

By order of the Board

LIN Zhong

Chairman

Hong Kong, 30 March 2026

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF
Ever Sunshine Services Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ever Sunshine Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 91 to 193, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of goodwill</i>	
We identified impairment assessment of goodwill as a key audit matter due to significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of estimations made by the management of the Group associated with the recoverable amounts of the cash-generating units to which goodwill have been allocated. As disclosed in Note 4 to the consolidated financial statements, the management assessed the impairment of goodwill by estimation of recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value in-use ("VIU") and fair value less costs of disposal. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate. The Group engages independent valuers (the "Valuers") to assist the estimation. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, terminal growth rate, estimated gross profit, estimated profit before tax and pre-tax discount rates. As disclosed in Note 16 to the consolidated financial statements, the carrying amount of goodwill was RMB1,488,171,000 as at 31 December 2025 and no impairment loss was recognised during the year ended 31 December 2025.	Our procedures in relation to the impairment assessment of goodwill included: • Discussing with the management to understand the management process and the key controls in impairment assessment of goodwill and the key estimations made by the management in the impairment assessment of goodwill including the growth rates in revenue, terminal growth rate, estimated gross profit, estimated profit before tax and pre-tax discount rates; • Evaluating the competency, capabilities and objectivity of the Valuers; • Evaluating the reasonableness of the growth rates in revenue, terminal growth rate, estimated gross profit and estimated profit before tax, with reference to the historical financial performance; • Evaluating the appropriateness of pre-tax discount rates applied in the forecast by comparing them to economic and industry data and comparable listed companies; • Checking the mathematical accuracy of the VIU calculations; and • Evaluating the reasonableness of the financial budgets approved by the management by comparing the actual results of the cash-generating unit (or group of cash-generating units) to the previously forecasted results used in the impairment assessment of goodwill.

Key audit matter	How our audit addressed the key audit matter
<i>Estimated provision of expected credit losses ("ECL") of trade and bills receivables</i> We identified the estimated provision of ECL of trade and bills receivables as a key audit matter due to the significant management estimates involved in assessing the recoverability of trade and bills receivables. As disclosed in Note 4 to the consolidated financial statements, the management used provision matrix or internal credit rating individually to calculate the ECL of trade and bills receivables. For provision matrix, the provision rates are based on groupings of various debtors by their shared credit risk characteristics, and taken into consideration the historical default rates and the forward looking information. For internal credit rating, the provision rates are assessed individually taken into consideration of the financial conditions, aging of the debtors and the forward-looking information. As disclosed in Notes 18 and 37 to the consolidated financial statements, the carrying amount of trade and bills receivables was RMB2,726,351,000 as at 31 December 2025, after net off the allowance for credit losses of RMB380,751,000, and allowance for credit losses of RMB102,954,000 was recognised in profit or loss for the year ended 31 December 2025.	Our procedures in relation to the estimated provision of ECL of trade and bills receivables included • Obtaining an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment and evaluating the reasonableness of any quantitative, qualitative and forward-looking information incorporated by the management; • For ECL calculated by provision matrix: (i) evaluating the appropriateness of the group of the trade and bills receivables based on shared credit risk characteristics; and (ii) testing the integrity of information used by the management to develop the provision matrix, on a sample basis, to the source documents and evaluating the appropriateness of the expected credit loss rates applied by reference to historical default rates; • For ECL calculated by internal credit rating, testing the integrity of the information used by the management on a sample basis to the source documents and evaluating the appropriateness of the expected credit loss rates applied by reference to the historical payment records and financial conditions of the debtors; • Checking the mathematical accuracy of the ECL calculations; and • Evaluating the reasonableness of forward- looking information used by the management by reference to available market information.



INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<i>Estimated provision of ECL of deposits for exclusive sales representative agreements</i>	
We identified the estimated provision of ECL of deposits for exclusive sales representative agreements as a key audit matter due to the significant management estimates involved in assessing their recoverability. As disclosed in Note 4 to the consolidated financial statements, the management made periodic individual assessment on the recoverability of deposits for exclusive sales representative agreements based on historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As disclosed in Note 37 to the consolidated financial statements, the carrying amount of deposits for exclusive sales representative agreements was RMB675,223,000 as at 31 December 2025, after net off the allowance for credit losses of RMB30,149,000, and reversal of credit losses of RMB 1,903,000 was recognised in profit or loss for the year ended 31 December 2025.	Our procedures in relation to the estimated provision of ECL of deposits: • Obtaining an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment and evaluating the reasonableness of any quantitative, qualitative and forward-looking information incorporated by the management; • Evaluating the appropriateness of the expected loss rates applied by reference to financial conditions and past settlement history of the debtors; • Evaluating the reasonableness of forward-looking information used by the management by reference to available market information; and • Checking the mathematical accuracy of the ECL calculations.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

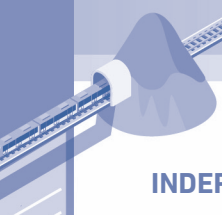
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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





INDEPENDENT AUDITOR'S REPORT

- 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 group 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the 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 the independent auditor's report is *Dai Tin Yau*.

Prism Hong Kong Limited

Certified Public Accountants

Dai Tin Yau

Practising Certificate Number, P06318

HONG KONG

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	6,866,231	6,841,135
Cost of services		(5,564,654)	(5,492,483)
Gross profit		1,301,577	1,348,652
Other income and other gains and losses	7	22,618	16,172
Administrative expenses		(395,105)	(414,941)
Selling expenses		(99,182)	(101,764)
Expected credit loss on financial assets, net of reversal		(108,100)	(74,150)
Finance costs	8	(3,447)	(3,165)
Other expenses		(14,731)	(11,323)
Share of result of associates		2,384	(26)
Profit before taxation	9	706,014	759,455
Income tax expense	10	(155,964)	(168,148)
		<u>550,050</u>	<u>591,307</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		437,449	477,996
Non-controlling interests	30	112,601	113,311
		<u>550,050</u>	<u>591,307</u>
Earnings per share (RMB)			
Basic earnings per share	12	<u>0.2531</u>	<u>0.2758</u>
Diluted earnings per share	12	<u>0.2530</u>	<u>0.2758</u>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025	2024
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	14	88,425	96,775
Investment properties	15	519,985	549,125
Intangible assets	16	286,310	297,557
Goodwill	16	1,488,171	1,488,171
Investments in associates	17	5,382	1,854
Deferred tax assets	25	140,160	110,903
Prepayments and other receivables	19	356,737	374,525
Financial assets at fair value through profit or loss ("FVTPL")	20	289,566	277,046
Deferred contract costs		37,840	45,719
		<u>3,212,576</u>	<u>3,241,675</u>
Current assets			
Inventories		1,112	1,540
Deferred contract costs		26,210	20,493
Trade and bills receivables	18	2,726,351	2,445,015
Prepayments and other receivables	19	829,426	818,727
Financial assets at FVTPL	20	2,513	3,935
Restricted cash	21	62,083	67,422
Cash and cash equivalents	21	2,765,420	2,617,846
		<u>6,413,115</u>	<u>5,974,978</u>
Current liabilities			
Trade and bills payables	22	1,450,893	1,307,537
Accruals and other payables	23	1,249,069	1,323,951
Borrowings	24	22,161	35,243
Contract liabilities	6	1,024,813	940,075
Lease liabilities	32	5,413	7,698
Provision for taxation		162,732	138,027
		<u>3,915,081</u>	<u>3,752,531</u>
Net current assets		<u>2,498,034</u>	<u>2,222,447</u>
Total assets less current liabilities		<u>5,710,610</u>	<u>5,464,122</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025	2024
		RMB'000	RMB'000
Non-current liabilities			
Borrowings	24	14,330	305
Lease liabilities	32	5,064	2,572
Deferred tax liabilities	25	69,423	75,204
		<u>88,817</u>	<u>78,081</u>
Net assets		<u>5,621,793</u>	<u>5,386,041</u>
Capital and reserves			
Share capital	26	15,291	15,291
Reserves		<u>5,163,707</u>	<u>4,985,835</u>
Equity attributable to owners of the Company		<u>5,178,998</u>	<u>5,001,126</u>
Non-controlling interests	30	<u>442,795</u>	<u>384,915</u>
Total equity		<u>5,621,793</u>	<u>5,386,041</u>

The consolidated financial statements on pages 91 to 193 were approved and authorised for issue by the board of directors on and are signed on its behalf by:

Mr. Lin Zhong
Director

Mr. Lin Zhubo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Reserves							Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Capital reserve	Other reserve	Statutory reserve	Retained earnings			
	RMB'000 Note 26	RMB'000	RMB'000 note (a)	RMB'000	RMB'000 note(b)	RMB'000 (note c)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	15,480	(6,143)	2,647,026	26,799	(137,802)	237,819	2,089,887	4,873,066	340,568	5,213,634
Profit and total comprehensive income for the year	—	—	—	—	—	—	477,996	477,996	113,311	591,307
Transfer to statutory reserve	—	—	—	—	—	49,835	(49,835)	—	—	—
Repurchase and cancellation of shares (note d)	(189)	6,143	(26,585)	—	—	—	—	(20,631)	—	(20,631)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	6,441	6,441
Dividends recognised as distribution (Note 11)	—	—	(329,305)	—	—	—	—	(329,305)	—	(329,305)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(73,001)	(73,001)
Disposal of subsidiaries (Note 27)	—	—	—	—	—	—	—	—	(2,404)	(2,404)
At 31 December 2024 and 1 January 2025	15,291	—	2,291,136	26,799	(137,802)	287,654	2,518,048	5,001,126	384,915	5,386,041
Profit and total comprehensive income for the year	—	—	—	—	—	—	437,449	437,449	112,601	550,050
Transfer to statutory reserve	—	—	—	—	—	32,159	(32,159)	—	—	—
Repurchase of shares (note e)	—	(3,339)	—	—	—	—	—	(3,339)	—	(3,339)
Capital withdrawn by non-controlling shareholders	—	—	—	—	—	—	—	—	(30)	(30)
Dividends recognised as distribution (Note 11)	—	—	(256,238)	—	—	—	—	(256,238)	—	(256,238)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(53,591)	(53,591)
Disposal of subsidiaries (Note 27)	—	—	—	—	—	—	—	—	(1,100)	(1,100)
At 31 December 2025	15,291	(3,339)	2,034,898	26,799	(137,802)	319,813	2,923,338	5,178,998	442,795	5,621,793

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

Notes:

- (a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.
- (b) Other reserve represents (i) the difference between the nominal amount of the share capital of Shanghai Yongsheng Property Management Co. Ltd. ("Yongsheng Property") and nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 6 July 2018; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from changes in the Group's ownership interests in subsidiaries that do not result in change in control over those subsidiaries.
- (c) Statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries' PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.
- (d) During the year ended 31 December 2024, the Company has repurchased its own ordinary shares in aggregate of 15,324,000 shares and cancelled 20,666,000 shares.
- (e) During the year ended 31 December 2025, the Company has repurchased its own ordinary shares in aggregate of 2,162,000 shares. The shares bought back by the Company during the year ended 31 December 2025 have all been cancelled on 25 February 2026.



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		RMB'000	RMB'000
Cash flows from operating activities			
Profit before taxation		706,014	759,455
Adjustments for:			
Depreciation of property, plant and equipment		40,169	42,854
Amortisation of intangible assets		35,929	42,160
Expected credit loss of trade and bills receivables		102,954	75,674
Expected credit loss of deposits and other receivables recognised (reversed)		5,146	(1,524)
Bank interest income		(14,913)	(21,793)
Interest on other payable		2,025	1,161
Dividend income from financial assets at FVTPL		(1,592)	(9,449)
Loss on disposal of financial assets at FVTPL		1,974	2,794
Interest on borrowings		1,083	1,434
Interest on lease liabilities		339	570
Share of result of associates		(2,384)	26
Loss on disposal of property, plant and equipment, net		180	1,169
Loss on disposal of investment property, net		713	—
Loss on disposed of subsidiaries, net		1,392	146
Loss from fair value changes of investment properties		31,370	13,730
(Gain) loss from fair value changes of financial assets at FVTPL		(18,532)	27,776
Exchange (gain) loss		(601)	2,940
Operating cash flows before working capital changes		891,266	939,123
Decrease in inventories		428	1,651
Decrease (increase) in deferred contract costs		2,162	(24,541)
Increase in trade and bills receivables		(392,138)	(350,634)
Decrease in prepayments and other receivables		692	95,336
Decrease (increase) in restricted cash		5,338	(29,257)
Increase in trade and bills payables		146,917	163,383
Decrease in accruals and other payables		(96,351)	(19,976)
Increase in contract liabilities		113,912	70,001
Cash generated from operations		672,226	845,086
Income tax paid		(163,656)	(160,278)
<i>Net cash generated from operating activities</i>		<u>508,570</u>	<u>684,808</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		RMB'000	RMB'000
Cash flows from investing activities			
Prepayment of property, plant and equipment		(530)	(2,871)
Purchase of property, plant and equipment		(30,811)	(23,531)
Purchase of intangible assets		(26,004)	(21,223)
Purchase of investment properties		(3,453)	(1,793)
Investment in associates		(1,320)	(1,880)
Disposal of subsidiaries, net of cash paid	27	(3,192)	(1,138)
Payment for consideration payables		(1,000)	(1,540)
Proceed from disposal of property, plant and equipment		11,783	6,130
Proceed from disposal of investment properties		510	—
Bank interest income received		14,913	21,793
Dividend income from financial assets at FVTPL		1,592	9,449
Purchase of financial assets at FVTPL		(134,200)	(217,000)
Proceed from disposal of financial assets at FVTPL		139,660	272,376
<i>Net cash (used in) generated from investing activities</i>		<u>(32,052)</u>	<u>38,772</u>
Cash flows from financing activities			
Capital (withdrawn by) contribution from non-controlling shareholders		(30)	6,390
Repayment of borrowings		(36,025)	(46,725)
New borrowings raised		32,835	34,500
Payments on repurchase of shares		(3,339)	(20,631)
Interest on other payables paid		(2,025)	(1,161)
Interest on borrowings paid		(1,083)	(1,434)
Interest on lease liabilities paid		(339)	(570)
Payment of lease liabilities		(9,710)	(12,367)
Dividends paid		(309,829)	(402,306)
<i>Net cash used in financing activities</i>		<u>(329,545)</u>	<u>(444,304)</u>
Net increase in cash and cash equivalents		146,973	279,276
Effect of exchange rate changes on cash and cash equivalents		601	(2,940)
Cash and cash equivalents at beginning of the year		<u>2,617,846</u>	<u>2,341,510</u>
<i>Cash and cash equivalents at end of the year, represented by Bank balances, deposits and cash</i>		<u><u>2,765,420</u></u>	<u><u>2,617,846</u></u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Ever Sunshine Services Group Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its principal subsidiaries are set out in Note 29.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS Accounting Standards ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

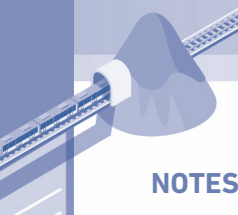
3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or sharebased payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Business combinations (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and include as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investment in associates (continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS Accounting Standards, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies HKFRS 9, including the impairment requirements, to longterm interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Investment in associates (continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Property management services

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission for providing the property management services to the property management offices of residential communities, which is calculated by pre-determined percentage or fixed amount of the property service fees the property owners are obligated to pay. The Group recognises the fee received or receivables from property management offices of residential communities as its revenue and all related property management costs as its cost of services.

Revenue from property management services (both under lump sum basis and commission basis) is recognised over time in the accounting period which services are rendered.

Community value-added service

For community value-added services, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is normally due immediately when the community value-added services are rendered to the customer.

Revenue from community value-added services is recognised over time except sales and property agency services, which are recognised at a point of time when performance obligations are satisfied.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Value-added services to non-property owners

Value-added services to non-property owners mainly includes preliminary planning and design consultancy and construction services to property developers or other property management service providers and cleaning, security, greening and repair and maintenance services to property developers at the pre-delivery stage. Other than construction services, the Group agrees the price for each service with the customers upfront and issues the monthly bill to the customers which varies based on the actual level of service completed in that month. Revenue is recognised for construction services based on the stage of completion of the contract using input method.

Revenue from value-added services to non-property owners is recognised over time in the accounting period which services are rendered.

City services

For city services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

City services mainly include sanitation and cleaning services, revenue from city services is recognised over time in the accounting period which services are rendered.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (multiple community value-added services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, service contracts in which the Group bills a fixed amount for services provided on a monthly basis), the Group recognises revenue in the amount to which the Group has the right to invoice.

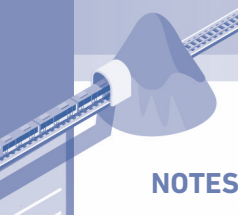
Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its property management services contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Leases

Definition of a lease

The Group assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be assessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff quarters and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets within "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which is derived from the Group's ordinary course of business is presented as "revenue".

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income and other gains and losses".



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing and the related assets separately. The Group recognises a deferred taxation asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred taxation liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as "buildings".

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, contract costs and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation.

Basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, contract costs and intangible assets other than goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.2 Material accounting policy information (continued)****Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances, deposits and cash as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers, which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other income and other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS Accounting Standards

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, deposits and other receivables, restricted cash, bank balances and deposits) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

The Group recognises lifetime ECL for trade and bills receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings, except for amounts due from fellow subsidiaries and certain related parties which are assessed individually using internal credit rating.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on account receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade and bills receivables, and deposits and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities of the Group (including borrowings, trade and bills payables and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, terminal growth rate, estimated gross profit, estimated profit before tax and pre-tax discount rates. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of pre-tax discount rates, a material impairment loss or further impairment loss may arise.

As at 31 December 2025, the carrying amount of goodwill is RMB1,488,171,000 (2024: RMB1,488,171,000). Details of the recoverable amount calculation are disclosed in Note 16.

(ii) Provision of ECL for trade and bills receivables

The Group uses provision matrix or internal credit ratings individually to calculate ECL for the trade and bills receivables.

For provision matrix, the provision rates are based on groupings of various debtors by their shared credit risk characteristics and taking into consideration the historical default rates and the forward-looking information that is reasonable and supportable available without undue costs or effort. For internal credit rating, the provision rates are assessed individually taken into consideration of the financial conditions, aging of the debtors and the forward-looking information that is reasonable and supportable available without undue costs or effort.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and bills receivables are disclosed in Notes 18 and 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(iii) Provision of ECL for deposits for exclusive sales representative agreements

The Group uses internal credit ratings individually to calculate ECL for deposits for exclusive sales representative agreements.

The provision rates are based on the historical settlement records, past experience and the forward-looking information that is reasonable and supportable available without undue costs or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's deposits for exclusive sales representative agreements are disclosed in Notes 19 and 37.

(iv) Valuation of investment properties

Investment properties of RMB519,985,000 (2024: RMB549,125,000) are stated at fair value based on the valuations performed by independent qualified professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain unobservable inputs used in the valuations as set out in Note 15.

In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Information about major customers

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2025 and 2024.

Information about geographical areas

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC for the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

6. REVENUE

Revenue mainly comprises of proceeds from property management services, community value-added services, value added services to non-property owners and city services. An analysis of the Group's revenue by category was as follows:

	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers		
– Property management services	5,451,124	5,091,428
– Community value-added services	796,244	862,395
– Valued-added services to non-property owners	382,114	599,108
– City services	232,797	286,114
	6,862,279	6,839,045
Others	3,952	2,090
Total	6,866,231	6,841,135
Timing of revenue recognition		
A point in time	316,763	324,858
Over time	6,545,516	6,514,187
	6,862,279	6,839,045

Revenue from contracts with customers

(i) Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for property management services and city services are usually long term and the Group bills a fixed amount for service provided regularly. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Community value-added services and value-added services to non-property owners are for periods usually less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

6. REVENUE (CONTINUED)

Revenue from contracts with customers (continued)

(ii) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2025	2024
	RMB'000	RMB'000
Contract liabilities	1,024,813	940,075

As at 1 January 2024, contract liabilities amounted to RMB870,338,000.

(i) Significant changes in contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the property management services or value-added services are yet to be provided.

The increase in contract liabilities balance as at 31 December 2025 was mainly due to the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	906,399	779,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

7. OTHER INCOME AND OTHER GAINS AND LOSSES

	2025	2024
	RMB'000	RMB'000
Other income		
– Bank interest income	14,913	21,793
– Government grants (note)	10,663	23,252
	<u>25,576</u>	<u>45,045</u>
Other gains and losses		
– Net foreign exchange gain (loss)	601	(2,940)
– Loss on disposal of property, plant and equipment, net	(180)	(1,169)
– Loss on disposal of investment properties	(713)	—
– Loss from fair value changes of investment properties	(31,370)	(13,730)
– Gain (loss) from fair value changes of financial assets at FVTPL	18,532	(27,776)
– Dividend income from financial assets at FVTPL	1,592	9,449
– Loss on disposal of subsidiaries, net	(1,392)	(146)
– Loss on disposal of financial assets at FVTPL	(1,974)	(2,794)
– Others	11,946	10,233
	<u>(2,958)</u>	<u>(28,873)</u>
	<u>22,618</u>	<u>16,172</u>

Note: Government grants represented unconditional cash payments granted by government authorities.

8. FINANCE COSTS

	2025	2024
	RMB'000	RMB'000
Interest on borrowings	1,083	1,434
Interest on other payables	2,025	1,161
Interest on lease liabilities	339	570
	<u>3,447</u>	<u>3,165</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment	40,169	42,854
Amortisation of intangible assets	35,929	42,160
Amortisation of contract costs	31,375	24,865
Auditor's remuneration	3,060	3,060
Research and development costs recognised as an expense	4,231	4,565
Expected credit loss on financial assets:		
– Expected credit loss on trade and bills receivables recognised	102,954	75,674
– Expected credit loss on deposits and other receivables recognised (reversed)	5,146	(1,524)
Expected credit loss on financial assets, net of reversal	108,100	74,150
Expense relating to short-term leases		
– rented premises	15,135	9,401
Expense relating to leases of low-value assets		
– furniture and machinery	2,914	2,147
Staff costs (including directors' emoluments - Note 13):		
Salaries, wages and other benefits	2,119,655	2,172,285
Bonus	132,063	136,536
Retirement scheme contribution	333,885	330,261
	2,585,603	2,639,082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

10. INCOME TAX EXPENSE

	2025	2024
	RMB'000	RMB'000
PRC Enterprise Income Tax:		
Current tax	191,617	202,032
Under provision in respect of prior year	920	943
	192,537	202,975
Deferred tax (Note 25):		
Credited to profit or loss for the year	(36,573)	(34,827)
	155,964	168,148

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are i) 25%, ii) 15% if registered or engaged in the encouraged industries and registered in the western region of the PRC, iii) 15% if regarded as advanced technology enterprise by local tax bureau or iv) 15% if registered and operating in the Hainan Free Trade Port.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	RMB'000	RMB'000
Profit before taxation	706,014	759,455
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	176,504	189,864
Effect of different tax rate	(25,949)	(25,017)
Tax effect of expenses not deductible for tax purposes	572	2,244
Tax effect of tax losses not recognised	4,024	1,038
Utilisation of tax losses previously not recognised	(107)	(924)
Under provision of tax for the prior year	920	943
Income tax expense	155,964	168,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim - HK\$0.0678 (2024 Interim – HK\$0.0839) per ordinary share	106,946	132,586
2025 Interim Special - HK\$0.0271 (2024 Interim – HK\$0.0336) per ordinary share	42,747	53,098
2024 Final - HK\$0.0668 (2023 Final – HK\$0.0914) per ordinary share	106,545	143,621
	<u>256,238</u>	<u>329,305</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK\$0.0735 (2024: final dividend in respect of the year ended 31 December 2024 of HK\$0.0668) per ordinary share and a special dividend of HK\$0.0294 per ordinary share (2024: Nil), in an aggregate amount of HK\$126,611,000 (2024: HK\$115,467,000) and an aggregate amount of HK\$50,644,000 (2024: Nil), respectively, has been proposed by the board of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity owners of the Company is based on the following data:

	2025	2024
	RMB'000	RMB'000
Earnings for the purpose of basic and diluted earnings per share		
Profit attributable to the equity owners of the Company	<u>437,449</u>	<u>477,996</u>

	2025	2024
	Number'000	Number'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,728,497	1,732,820
Effect of dilutive potential ordinary share:		
Options	<u>729</u>	<u>—</u>
Weighted average number of ordinary shares for purpose of diluted earnings per share	<u>1,729,226</u>	<u>1,732,820</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emolument

	Fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
<i>Executive directors</i>					
Mr. Lin Zhong	3,298	—	3,369	16	6,683
Mr. Zhou Hongbin	—	4,334	660	163	5,157
Mr. Lin Zhubo (note v)	—	998	—	54	1,052
Mr. Zhou Di	—	1,262	660	163	2,085
<i>Non-executive director</i>					
Ms. Cui Xiaoqing	—	—	—	—	—
<i>Independent non-executive directors</i>					
Mr. Ma Yongyi	275	—	—	—	275
Mr. Cheung Wai Chung	366	—	—	—	366
Mr. Yu Tiecheng	275	—	—	—	275
	<u>4,214</u>	<u>6,594</u>	<u>4,689</u>	<u>396</u>	<u>15,893</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emolument (continued)

	Fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
<i>Executive directors</i>					
Mr. Lin Zhong	3,286	—	3,605	16	6,907
Mr. Zhou Hongbin	—	4,418	660	159	5,237
Mr. Zhou Di	—	1,402	660	160	2,222
<i>Non-executive director</i>					
Ms. Cui Xiaoqing	—	—	—	—	—
<i>Independent non-executive directors</i>					
Mr. Ma Yongyi	274	—	—	—	274
Mr. Cheung Wai Chung	365	—	—	—	365
Mr. Yu Tiecheng	274	—	—	—	274
	<u>4,199</u>	<u>5,820</u>	<u>4,925</u>	<u>335</u>	<u>15,279</u>

Notes:

- (i) The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.
- (ii) The independent non-executive directors' and non-executive directors' emoluments shown above were paid for their services as directors of the Company.
- (iii) There was no arrangement under which a director or the Chief Executive Officer waived or agreed to waive any remuneration during the year.
- (iv) Discretionary bonus is determined by reference to the performance of individuals and the Group.
- (v) Mr. Lin Zubo was appointed as a non-executive director on 27 June 2025 and re-designated as executive director on 1 September 2025.

During the year, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 39 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) The five highest paid individuals

The five highest paid individuals of the Group are analysed as follows

	2025	2024
	Number of individuals	Number of individuals
Directors	2	2
Non-directors, the highest paid individual	3	3
	<u>5</u>	<u>5</u>

Details of the emoluments of the above non-directors, the highest paid individual for the years ended 31 December 2025 and 2024 are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries and other emoluments	3,404	3,451
Discretionary bonuses	1,502	1,496
Retirement scheme contributions	392	378
	<u>5,298</u>	<u>5,325</u>

The number of the highest paid non-directors fell within the following emolument band:

	2025	2024
	Number of individuals	Number of individuals
HKD1,500,001 to HKD2,000,000	2	2
HKD2,000,001 to HKD2,500,00	1	1
	<u>3</u>	<u>3</u>

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment and software	Transportation equipment	Furniture and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2024	94,548	49,343	35,772	80,009	20,499	280,171
Additions	3,067	2,408	2,070	10,169	5,817	23,531
Disposal	—	(6,782)	(701)	(6,129)	(2,251)	(15,863)
Disposal of subsidiaries (Note 27)	—	—	(33)	—	—	(33)
At 31 December 2024 and 1 January 2025	97,615	44,969	37,108	84,049	24,065	287,806
Additions	9,917	7,553	1,981	16,430	7,925	43,806
Disposal	—	(9,072)	(209)	(11,682)	(2,770)	(23,733)
Disposal of subsidiaries (Note 27)	—	—	(56)	—	(49)	(105)
At 31 December 2025	107,532	43,450	38,824	88,797	29,171	307,774
ACCUMULATED DEPRECIATION						
At 1 January 2024	68,119	29,307	22,267	26,172	10,889	156,754
Depreciation	12,205	5,160	3,947	17,236	4,306	42,854
Disposals	—	(3,476)	(578)	(4,031)	(479)	(8,564)
Disposal of subsidiaries (Note 27)	—	—	(13)	—	—	(13)
At 31 December 2024 and 1 January 2025	80,324	30,991	25,623	39,377	14,716	191,031
Depreciation	9,642	2,145	3,582	20,259	4,541	40,169
Disposals	—	(1,691)	(172)	(8,548)	(1,359)	(11,770)
Disposal of subsidiaries (Note 27)	—	—	(52)	—	(29)	(81)
At 31 December 2025	89,966	31,445	28,981	51,088	17,869	219,349
NET BOOK VALUE						
At 31 December 2024	17,291	13,978	11,485	44,672	9,349	96,775
At 31 December 2025	17,566	12,005	9,843	37,709	11,302	88,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Buildings	Shorter of the asset's useful life and the lease term on a straight-line basis
Leasehold improvements	Over the remaining life of lease term and 5 year
Computer equipment and software	3 years
Transportation equipment	5 - 15 years
Furniture and equipment	3 years

Building is held for own use and situated in the PRC.

At 31 December 2025, the Group has pledged owned properties with carrying amounts of RMB18,098,000 (31 December 2024: RMB12,198,000) to secure general banking facilities granted to the Group.

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leased properties	
	RMB'000	
As at 31 December 2025		
Carrying amount		10,782
As at 31 December 2024		
Carrying amount		9,844
For the year ended 31 December 2025		
Depreciation charge		8,979
For the year ended 31 December 2024		
Depreciation charge		11,544
	2025	2024
	RMB'000	RMB'000
Total cash outflow for leases	22,568	23,915
Additions to right-of-use assets	9,917	3,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group as lessee (continued)

The Group leases various offices and office equipment for its operations. Lease contracts are entered into for fixed term of one to five years with no extension and termination option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. As at 31 December 2025, the balance of borrowings of RMB18,591,000 (2024: RMB4,048,000) was secured by property, plant and equipment with a carrying amount of RMB18,098,000 (2024: RMB12,198,000).

The Group regularly entered into short-term leases for furniture and equipment. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 9.

15. INVESTMENT PROPERTIES

The Group leases out various properties, storage units and car parks with fixed rentals payable monthly. The leases typically run for an initial period of one to five years.

The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2025	2024
	RMB'000	RMB'000
Fair value		
At 1 January	549,125	558,480
Additions	3,453	4,375
Disposals	(1,223)	—
Change in fair value	(31,370)	(13,730)
At 31 December	519,985	549,125
Unrealised gain on property revaluation included in profit or loss	(31,370)	(13,730)

The fair value of the Group's investment properties as at 31 December 2025 and 2024, have been arrived at on the basis of valuation carried out on the respective dates by independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment property being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

15. INVESTMENT PROPERTIES (CONTINUED)

Details of the valuation of investment properties are as follows:

		Significant unobservable input and range	
	Valuation Techniques	2025	2024
Commercial property 2025: RMB460,364,000 2024: RMB488,985,000	Direct comparison approach	Average market unit price: RMB5,893-25,580 per square metre	Average market unit price: RMB7,500-28,206 per square metre
Storage units 2025: RMB340,000 2024: RMB320,000	Income capitalisation approach	Discount rate: 5% Rental growth rate: 1% Prevailing daily market rent: RMB0.5 per square metre per day	Discount rate: 5% Rental growth rate: 1% Prevailing daily market rent: RMB0.5 per square metre per day
Car parks 2025: RMB59,281,000 2024: RMB59,820,000	Direct comparison approach	Average market unit price: RMB1,280-5,167 per square metre	Average market unit price: RMB1,907-5,137 per square metre

A significant increase in the rental growth rate, prevailing daily market rent or average market unit price used would result in a significant increase in fair value, and vice versa. A significant increase in the discount rate used would result in a significant decrease in fair value, and vice versa.

The fair values of all investment properties are measured on Level 3 fair value measurement. There were no transfers into or out of Level 3 during the year.

As at 31 December 2025, an investment property with a carrying amount of RMB4,375,000 in which the Group is in process of obtaining certificates (2024: RMB4,375,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

16. GOODWILL AND INTANGIBLE ASSETS

	2025		2024	
	RMB'000		RMB'000	
Intangible assets	286,310		297,557	
Goodwill	1,488,171		1,488,171	
	1,774,481		1,785,728	

	Intangible assets – property management contracts and customer relationship	Goodwill	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At 1 January 2024	428,966	1,488,171	76,504	1,993,641
Additions	—	—	21,223	21,223
At 31 December 2024 and 1 January 2025	428,966	1,488,171	97,727	2,014,864
Additions	—	—	26,004	26,004
Disposals	—	—	(1,322)	(1,322)
At 31 December 2025	428,966	1,488,171	122,409	2,039,546
ACCUMULATED AMORTISATION				
At 1 January 2024	150,527	—	36,449	186,976
Amortisation	27,922	—	14,238	42,160
At 31 December 2024 and 1 January 2025	178,449	—	50,687	229,136
Amortisation	21,788	—	14,141	35,929
At 31 December 2025	200,237	—	64,828	265,065
NET BOOK VALUE				
At 31 December 2024	250,517	1,488,171	47,040	1,785,728
At 31 December 2025	228,729	1,488,171	57,581	1,774,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

16. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The intangible assets arising from property management contracts and customers' relationship have finite useful lives and are amortised on a straight-line basis from one to twenty years.

Goodwill were arisen from acquisition of subsidiaries from third parties.

Software are amortised on a straight-line basis for five years.

Impairment test on goodwill is performed at least annually.

IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill and intangible assets - property management contracts and customer relationship have been allocated to individual groups of CGUs. The carrying amounts of goodwill and intangible assets allocated to these units are as follows:

	Goodwill		Intangible assets - property management contracts and customer relationship	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Qingdao Yayuan Property Management Co., Ltd ("Qingdao Yayuan")	413,898	413,898	11,375	16,731
Shanghai Macalline Property Management Services Co., Ltd. ("Macalline Property")	818,869	818,869	197,307	209,817
Zhengzhou Jinyi Property Service Co., Ltd. ("Zhengzhou Jinyi")	110,949	110,949	14,601	16,746
Other groups of CGUs	144,455	144,455	5,446	7,223
	<u>1,488,171</u>	<u>1,488,171</u>	<u>228,729</u>	<u>250,517</u>

In addition to goodwill and intangible assets above, property, plant and equipment that generate cash flows together with the related goodwill and intangible assets are also included in the respective groups of CGUs for the purpose of impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

16. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTING ON GOODWILL (continued)

The recoverable amounts of the above groups of CGUs were determined based on value in use calculations. Those calculations use cash flow projections based on financial budgets approved by the management of the Group covering a 5-year (2024: 5-year) period.

	Qingdao Yayuan	Macalline Property	Zhengzhou Jinyi	Other groups of CGUs
Pre-tax discount rate				
31 December 2025	14.8%	13.7%	14.2%	11.0%~17.8%
31 December 2024	14.8%	13.0%	15.4%	11.3%-18.3%
Growth rate within 5-year period				
31 December 2025	1.4%	2.0%	5.1%	-0.2%~7.7%
31 December 2024	1.3%	2.4%	4.0%	-0.1%-3.6%
Long-term growth rate				
31 December 2025	3.0%	3.0%	3.0%	3.0%
31 December 2024	3.0%	3.0%	3.0%	3.0%

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to each of the group of CGUs. The growth rate within the 5-year (2024: 5-year) period have been based on past experience. The cash flows beyond the 5-year (2024: 5-year) period are extrapolated using estimated growth rates stated above. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the CGUs to exceed their respective recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT IN ASSOCIATES

	2025	2024
	RMB'000	RMB'000
Cost of investment in associates	3,200	1,880
Share of post-acquisition profit (loss) and other comprehensive income (expense)	2,358	(26)
Dividend paid	(176)	—
	<u>5,382</u>	<u>1,854</u>

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associates	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activities
			2025	2024	2025	2024	
Anhui Ecological Environment Yongsheng Smart Life Service Co., Ltd.	PRC	PRC	49%	49%	49%	49%	Construction Service
Shanghai Shengyi Technology Co., Ltd.	PRC	PRC	30%	30%	30%	30%	Technical Service
Shanghai Hukang Yinfa Elderly Care Service Co., Ltd.	PRC	PRC	30%	—	30%	—	Senior Care Service
Tianjin Jiayong Property Management Co., Ltd.	PRC	PRC	51%	—	33%	—	Property Management

Aggregate information of associates that are not individually material

	2025	2024
	RMB'000	RMB'000
The Group's share of profit (loss) and total comprehensive income (expense)	2,384	(26)
Aggregate carrying amount of the Group's interests in these associates	<u>5,382</u>	<u>1,854</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

18. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables		
– Related parties	864,077	878,789
– Third parties	2,235,134	1,907,086
	3,099,211	2,785,875
Bills receivables	7,891	4,093
Total	3,107,102	2,789,968
Less: allowance for credit losses	(380,751)	(344,953)
	2,726,351	2,445,015

All bills received by the Group are with a maturity period of less than one year.

Trade receivables mainly arise from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services.

Revenue from property management services under lump sum basis, community value-added services, value-added services to non-property owners and city services are received in accordance with the term of the relevant service agreements and are due for payment upon the issuance of demand note.

The maturity of the bills receivables of the Group as at 31 December 2025 and 2024 is within 6 months. As at 31 December 2025 and 2024, no bills receivable is due from related parties.

Details of impairment assessment of trade and bills receivables are set out in Note 37.

As at 31 December 2025 and 2024, the ageing analysis of the trade and bills receivables net of expected credit loss presented based on invoice date were as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	1,611,351	1,589,620
1 to 2 years	531,997	510,796
2 to 3 years	302,458	229,695
3 to 4 years	176,154	76,949
Over 4 years	104,391	37,955
	2,726,351	2,445,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

19. PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Deposits for exclusive sales representative agreements (note)		
– Related parties	700,837	750,125
– Third parties	4,535	6,266
Other deposits and other receivables		
– Third parties	358,659	337,334
Total	1,064,031	1,093,725
Less: allowance for credit losses of deposits and other receivables	(64,266)	(59,475)
	999,765	1,034,250
Prepayment	186,398	159,002
	1,186,163	1,193,252
Less: Prepayments for property, plant and equipment	(701)	(3,249)
Deposits for exclusive sales representative agreements (note)	(356,036)	(371,276)
	(356,737)	(374,525)
Prepayments and other receivables presented as current assets	829,426	818,727

Note: Deposits for exclusive sales representative agreements represent refundable deposits to secure the sales collection of car parks, storage units and retail shops from the buyers. The deposits will be refunded when the car parks, storage units and retail shops are sold out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

20. FINANCIAL ASSETS AT FVTPL

	2025	2024
	RMB'000	RMB'000
Listed securities held for trading:		
– Equity securities listed in Hong Kong	2,513	3,935
Unlisted equity funds (note)	289,566	277,046
	292,079	280,981
Less: Financial assets at FVTPL presented as non-current assets	(289,566)	(277,046)
Financial assets at FVTPL presented as current assets	2,513	3,935

Note: The Group invested in several close-ended funds. Unlisted equity funds are classified as non-current assets as the management does not expect to dispose of these financial assets within twelve months from the reporting period.

The fair value of these funds was determined based on net asset value, further details were disclosed in Note 38.

21. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	2025	2024
	RMB'000	RMB'000
Restricted cash	62,083	67,422
Cash on hand	663	722
Fixed deposits with original maturity less than 3 months	1,000	6,000
Bank balances	2,763,757	2,611,124
Cash and cash equivalents	2,765,420	2,617,846

Bank balances and deposits carry interest at market rates which range from 0.25% to 1.75% (2024: 0.25% to 1.75%).

Note:

- At 31 December 2025, bank balances, deposits and cash in the amount of RMB3,657,000 (2024: RMB5,215,000), RMB2,761,762,000 (2024: RMB2,607,121,000) and RMB1,000 (2024: RMB5,510,000) are denominated in HK\$, RMB and USD respectively. The cash and cash equivalent denominated in RMB are deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.
- Restricted cash includes deposits of performance security of RMB28,104,000 (2024: RMB20,199,000), deposits of bills payables of RMB9,495,000 (2024: RMB23,084,000), housing maintenance funds of RMB6,999,000 (2024: RMB2,723,000) and other frozen funds of RMB17,485,000 (2024: RMB21,416,000), which are temporarily frozen due to minor litigations involving the Group's subsidiaries and will be released upon the conclusion of these litigations. The housing maintenance funds which were owned by the property owners but were deposited in the bank accounts in the name of the Group, such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

22. TRADE AND BILLS PAYABLES

	2025	2024
	RMB'000	RMB'000
Trade payables		
– Related parties	14,562	25,132
– Third parties	1,406,142	1,257,593
	1,420,704	1,282,725
Bills payables	30,189	24,812
	1,450,893	1,307,537

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade and bills payables as at 31 December 2025 and 2024 as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	1,068,701	959,602
1 to 2 years	185,683	180,289
2 to 3 years	100,192	121,511
3 to 4 years	54,462	44,644
Over 4 years	41,855	1,491
	1,450,893	1,307,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

23. ACCRUALS AND OTHER PAYABLES

	2025	2024
	RMB'000	RMB'000
Accruals and other payables		
– Related parties (note a)	138,062	138,062
– Third parties	641,868	689,364
	779,930	827,426
Amount due to a director (note a)	84	84
Provision for legal dispute (note b)	7,571	1,848
Consideration payables for acquisition of subsidiaries (note c)	14,190	15,190
Salaries payable	250,608	313,141
Other tax payables	196,686	166,262
Accruals and other payables presented as current liabilities	1,249,069	1,323,951

Note:

- (a) The balance is unsecured, interest-free and repayable on demand
- (b) The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.

As at 31 December 2025 and 2024, the provision for legal dispute reconciles to the opening for that provision as follows:

	Total
	RMB'000
At 1 January 2024	1,366
Accrual of provision	1,488
Utilisation of provision	(1,006)
At 31 December 2024 and 1 January 2025	1,848
Accrual of provision	7,322
Utilisation of provision	(1,599)
At 31 December 2025	7,571

- (c) The amount represents the consideration payables for acquisition of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

24. BORROWINGS

	2025		2024	
	RMB'000		RMB'000	
Secured:				
Bank loans		—		25,000
Other loans		18,591		4,048
		18,591		29,048
Unsecured:				
Bank loans		17,900		6,500
		36,491		35,548

	Bank loans		Other loans		Total	
	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The carrying amounts of the above borrowings are repayable (note):						
Within one year	17,900	31,500	4,261	3,743	22,161	35,243
Within a period of more than one year but not exceeding two years	—	—	14,330	305	14,330	305
	17,900	31,500	18,591	4,048	36,491	35,548
Less: Amounts due within one year shown under current liabilities	(17,900)	(31,500)	(4,261)	(3,743)	(22,161)	(35,243)
	—	—	14,330	305	14,330	305

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2025, the balance of borrowings of RMB18,591,000 (2024: RMB4,048,000) was secured by property, plant and equipment with a carrying amount of RMB18,098,000 (2024: RMB12,198,000). The information about other loans was disclosed in Note 14.

Secured bank loans of Nil (2024: RMB25,000,000) were guaranteed by management of the Group's subsidiary and a third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

24. BORROWINGS (CONTINUED)

All the borrowings are denominated in RMB as at 31 December 2025 and 2024.

All borrowings are arranged at fixed rate as at 31 December 2025 and 2024. The fixed-rate borrowings carry interest ranging from 2.00% to 9.74% per annum at 31 December 2025 (2024: 2.00% to 9.00%) and expose the Group to fair value interest rate risk.

25. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements for the years ended 31 December 2025 and 2024 are as follows:

	Impairment loss on trade and bills receivables	Impairment loss on deposits and other receivables	Provision for legal dispute	Fair value adjustment for financial asset a FVTPL	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	75,075	15,590	460	5,444	—	96,569
Credited (charged) to profit or loss for the year	18,919	(381)	120	5,592	—	24,250
At 31 December 2024 and 1 January 2025	93,994	15,209	580	11,036	—	120,819
Credited (charged) to profit or loss for the year	25,738	1,287	1,431	(5,689)	76	22,843
Disposal of subsidiaries (note 27)	(1,535)	—	—	—	—	(1,535)
At 31 December 2025	<u>118,197</u>	<u>16,496</u>	<u>2,011</u>	<u>5,347</u>	<u>76</u>	<u>142,127</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DEFERRED TAX (CONTINUED)

	Withholding tax of undistributed profits	Fair value adjustment of management contract & customer relationship	Fair value adjustment of revalued property, plant and equipment	Fair value adjustment for investment properties	Lease	Total
	RMB'000 (note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(11,926)	(69,130)	(1,398)	(13,243)	—	(95,697)
Credited (charged) to profit or loss for the year	—	6,919	331	3,433	(106)	10,577
At 31 December 2024 and 1 January 2025	(11,926)	(62,211)	(1,067)	(9,810)	(106)	(85,120)
Credited to profit or loss for the year	—	5,447	334	7,843	106	13,730
At 31 December 2025	<u>(11,926)</u>	<u>(56,764)</u>	<u>(733)</u>	<u>(1,967)</u>	<u>—</u>	<u>(71,390)</u>

- (a) No deferred tax liabilities have been provided on certain temporary difference of RMB3,111,699,000 (2024: RMB2,472,988,000) relating to the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future
- (b) At 31 December 2025, the Group had unused tax losses of approximately RMB29,078,000 (2024: RMB14,774,000) available to offset against future profits. No deferred taxation asset has been recognised in respect of the remaining losses of approximately RMB29,078,000 (2024: RMB14,774,000) at 31 December 2025 due to the unpredictability of future profit streams. The unrecognised tax losses will expire by year 2026-2030.

For the purpose of presentation in the consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2025	2024
	RMB'000	RMB'000
Deferred tax assets	140,160	110,903
Deferred tax liabilities	<u>(69,423)</u>	<u>(75,204)</u>
	<u>70,737</u>	<u>35,699</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

26. SHARE CAPITAL

	2025		2024	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Ordinary shares of HK\$0.01 each				
Authorised				
As at 1 January and 31 December	4,000,000	35,462	4,000,000	35,462

	2025		2024	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Issued and fully paid:				
As at 1 January	1,728,554	15,291	1,749,220	15,480
Cancellation of repurchased shares (note a)	—	—	(20,666)	(189)
At 31 December	1,728,554	15,291	1,728,554	15,291

Note:

- (a) During the year ended 31 December 2024, the Company has repurchased its own ordinary shares in aggregate of 15,324,000 shares and cancelled 20,666,000 shares.

During the year ended 31 December 2025, the Company has repurchased its own ordinary shares in aggregate of 2,162,000 shares. The shares bought back by the Company during the year ended 31 December 2025 have all been cancelled on 25 February 2026.

Month of repurchase	Number of ordinary shares of HK\$ 0.01 each	Price per share		Aggregate consideration paid	
		Highest	Lowest	HK\$'000	RMB'000
December	2,162,000	1.75	1.65	3,685	3,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

27. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2025

Name of subsidiaries	Place of incorporation/ establishment	Equity interest held by the Group before disposal	Equity interest held by the Group after disposal	Total consideration
				RMB'000
Tangshan Yongsheng Yujing Property Management Co., Ltd	PRC	65%	Nil	650

For the year ended 31 December 2024

Name of subsidiaries	Place of incorporation/ establishment	Equity interest held by the Group before disposal	Equity interest held by the Group after disposal	Total consideration
				RMB'000
Jieshou Chengtou Xuhui Yongsheng Life Service Company Limited	PRC	51%	Nil	1,950
Dezhou Yongsheng Chenxi Property Management Co., Ltd	PRC	51%	Nil	406
				<u>2,356</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

27. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the net assets disposed of in respect of the above transaction are summarised below:

	2025	2024
	RMB'000	RMB'000
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	24	20
Trade and bills receivables	7,849	8,909
Prepayments and other receivables	202	156
Cash and cash equivalents	3,842	3,494
Trade and bills payables	(3,562)	(6,137)
Deferred tax assets	1,535	—
Contract liabilities	(4,148)	(264)
Accruals and other payables	(2,280)	(863)
Provision for taxation	(320)	(409)
Net assets disposed of	<u>3,142</u>	<u>4,906</u>
Loss on disposal of subsidiaries:		
Cash consideration	650	2,356
Non-controlling interests	1,100	2,404
Net assets disposed of	<u>(3,142)</u>	<u>(4,906)</u>
	<u>(1,392)</u>	<u>(146)</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries are as follows:

	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents disposed of	(3,842)	(3,494)
Cash consideration received	<u>650</u>	<u>2,356</u>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>(3,192)</u>	<u>(1,138)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

28. COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2025	2024
		RMB'000	RMB'000
Non-current assets			
Interests in subsidiaries		153,511	153,511
Amounts due from subsidiaries (note i)		1,755,645	2,041,872
		<u>1,909,156</u>	<u>2,195,383</u>
Current assets			
Financial assets at FVTPL		2,513	3,935
Bank balances, deposits and cash		23,209	7,211
		<u>25,722</u>	<u>11,146</u>
Current liability			
Accruals and other payable		2,080	564
		<u>2,080</u>	<u>564</u>
Net current assets		<u>23,642</u>	<u>10,582</u>
Total assets less current liabilities		<u>1,932,798</u>	<u>2,205,965</u>
NET ASSETS		<u>1,932,798</u>	<u>2,205,965</u>
Capital and reserves			
Share capital	26	15,291	15,291
Reserves (note ii)		1,917,507	2,190,674
TOTAL EQUITY		<u>1,932,798</u>	<u>2,205,965</u>

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

28. COMPANY'S STATEMENT OF FINANCIAL POSITION (CONTINUED)

Notes:

- (i) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The amounts are not expected to be repaid within 12 months after reporting period and therefore classified as non-current assets.
- (ii) Movements in reserves

	Treasury shares	Share premium	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	(6,143)	2,647,026	(102,157)	2,538,726
Profit and total comprehensive incomes for the year	—	—	1,695	1,695
Dividend paid	—	(329,305)	—	(329,305)
Repurchase and cancellation of shares	6,143	(26,585)	—	(20,442)
Balance at 31 December 2024 and 1 January 2025	—	2,291,136	(100,462)	2,190,674
Loss and total comprehensive expenses for the year	—	—	(13,590)	(13,590)
Dividend paid	—	(256,238)	—	(256,238)
Repurchase of shares	(3,339)	—	—	(3,339)
Balance at 31 December 2025	(3,339)	2,034,898	(114,052)	1,917,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES

Details of the major subsidiaries are as follows:

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Elite Force Investment Limited	Limited liability company registered under BVI Company law	USD1	100%	100%	Investment Holding in BVI
Elite Force International Limited	Limited liability company registered under Hong Kong Companies Ordinance	HKD100	100%	100%	Investment Holding in Hong Kong
City Lights Assets Limited	Limited liability company registered under Hong Kong Companies Ordinance	HKD100	100%	100%	Investment Holding in Hong Kong
Prominent Intellectuals Limited	Limited liability company registered under BVI Company law	USD1	100%	100%	Investment Holding in BVI
Shanghai Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB112,000,000	100%	100%	Property Management in the PRC
Xiamen Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Beijing Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB100,000,000	100%	100%	Property Management in the PRC
Shanghai Xiaole Enterprises Development Co., Ltd	Limited liability company registered under the PRC law	RMB102,000,000	100%	100%	Property Management in the PRC
Ningbo Yongda Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shandong Luban Yongsheng Property Management Company Limited	Management Company Limited Limited liability company registered under the PRC law	RMB5,000,000	70%	70%	Property Management in the PRC
Hubei Yufu Meijia Property Agency Company Limited	Limited liability company registered under the PRC law	RMB2,010,000	100%	100%	Property Management in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Hubei Xu Mei Yongsheng Property Company Limited	Limited liability company registered under the PRC law	RMB2,010,000	100%	100%	Property Management in the PRC
Shanghai Shengkuang Construction and Engineering Co.,Ltd	Limited liability company registered under the PRC law	RMB40,000,000	100%	100%	Construction and Maintenance in the PRC
Suzhou Xinyong Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB5,000,000	51%	51%	Property Management in the PRC
Qingdao Yayuan	Limited liability company registered under the PRC law	RMB5,000,000	55%	55%	Property Management in the PRC
Shandong Huizhong Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Shandong Yongsheng Yinshengtai Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB3,000,000	50%	50%	Property Management in the PRC
Jiangsu Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Chongqing Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB2,000,000	100%	100%	Property Management in the PRC
Chongqing Xuyuan Tiancheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Liaoning Guangna Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Shanghai Yongsheng Yizhi Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB1,000,000	50%	50%	Property Management in the PRC
Yongsheng Jiuwu Shuzi Technology (Wuhan) Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Software and Technology Services
Linjiu zhihui Technology (Guangdong) Company Limited	Limited liability company registered under the PRC law	HKD 150,000,000.00	100%	100%	Software and Technology Services
Guangxi Yongsheng Qingxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB500,000	70%	70%	Property Management in the PRC
Jiangsu Xiangjiang Property Development Company Limited	Limited liability company registered under the PRC law	RMB10,180,000	51%	51%	Property Management in the PRC
Qingdao Yinshengtai Property Management Services Company Limited (ii)	Limited liability company registered under the PRC law	RMB1,000,000	50%	50%	Property Management in the PRC
Ningbo Shenghui Property Management Services Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shanghai Xinhui Enterprise Development Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Construction and Maintenance in the PRC
Yunnan Yongsheng Yaoxing Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	51%	51%	Property Management in the PRC
Shanghai Zhenku Technology Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Software and Technology Services
Bijie Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Property Management in the PRC
Weihai Yongsheng Xinghai Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,120,000	55%	55%	Property Management in the PRC



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Chengdu Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Tianjin Yongsheng Haijing Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Liupanshui Tongluowan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Heilongjiang Baoyujiahui Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Siyang Xuhui Yongsheng Life Service Company Limited	Limited liability company registered under the PRC law	USD1,000,000	90%	90%	Property Management in the PRC
Xuhui Yongsheng (Hainan) Investment Company Limited	Limited liability company registered under the PRC law	RMB701,430,800	100%	100%	Investment in the PRC
Beijing Dayitianxia Technology Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Software and Technology Services
Huaian Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	100%	100%	Property Management in the PRC
Shanghai Yonglin Enterprises Development Co., Ltd	Limited liability company registered under the PRC law	RMB500,000	100%	100%	Property Management in the PRC
Shanghai Yongbao Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Huaxixinan (Beijing) Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB5,000,000	50%	50%	Property Management in the PRC
Guangan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB2,000,000	55%	55%	Property Management in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Liupanshui Yongsheng Zhihui Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Cangzhou Zeqing Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Property Management in the PRC
Wuxi Huisheng City Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	51%	51%	Property Management in the PRC
Shandong Yongsheng Guangcheng Property Management Company Limited (ii)	Limited liability company registered under the PRC law	RMB3,010,000	35%	35%	Property Management in the PRC
Shandong Yongzhu Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,010,000	60%	60%	Property Management in the PRC
Changsha Yongsheng Yuecheng Property Management Company Limite	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Shanghai Xingyue	Limited liability company registered under the PRC law	RMB1,000,000	80%	80%	Property Management in the PRC
Shanghai Yongxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Shandong Yongzhong Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	55%	55%	Property Management in the PRC
Henan Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC



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FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Handan Yongsheng Hulan Property Management Company Limited	Limited liability company registered under the PRC law	RMB5,000,000	60%	60%	Property Management in the PRC
Xuancheng Yongxin Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Shaanxi Yongsheng Tianjie Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Hunan Meizhong	Limited liability company registered under the PRC law	RMB50,000,000	51%	51%	Sanitation Services in the PRC
Ningbo Shengxu Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Changsha Yongsheng Huiyue Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Bengbu Yongjia Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	65%	65%	Property Management in the PRC
Guizhou Zhihui Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	51%	51%	Property Management in the PRC
Hefei Yongzhang Property Management Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	100%	100%	Property Management in the PRC
Shanghai Yiniu Dingding Material Technology Company Limited	Limited liability company registered under the PRC law	RMB4,000,000	51%	51%	Property Management in the PRC
Zhengzhou Jinyi	Limited liability company registered under the PRC law	RMB6,000,000	100%	100%	Property Management in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Yancheng Yongshenghuo Property Service Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Tianshui Yongsheng Hengtong Property Company Limited	Limited liability company registered under the PRC law	RMB3,000,000	65%	65%	Property Management in the PRC
Chongqing Yongsheng Huijia Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,00	100%	100%	Property Management in the PRC
Fujian Xugao Property Service Company Limite	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Sanitation Services in the PRC
Guiyang Yongsheng Property Management Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Zhejiang Yongsheng Property Service Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Property Management in the PRC
Beijing Yongsheng Zunyi Propert	Limited liability company registered under the PRC law	RMB2,000,000	51%	51%	Property Management in the PRC
Chongqing Shengxun	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Chongqing Shengxu	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Nanjing Ningxi Property Service Company Limited	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Shanghai Xincheng Dahai Culture Media Technoloy Company Limited	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Sanitation Services in the PRC
Beijing Hangteng Property Management Co., Ltd	Limited liability company registered under the PRC law	RMB60,000,000	90%	90%	Property Management in the PRC



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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29. INTERESTS IN SUBSIDIARIES (CONTINUED)

Details of the major subsidiaries are as follows: (continued)

Name of subsidiaries	Form of business structure from	Issued share capital	% of owner ship interests		Place of incorporation and operation and principal activities
			2025	2024	
Zhangzhou Xuyonglong Property Service Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	65%	65%	Property Management in the PRC
Changsha Yongsheng Yuecheng Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Henan Meisheng Smart Commercial Service Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	60%	60%	Integrated Management in the PRC
Jiangyin Zenan Yongsheng Urban Service Co., Ltd.	Limited liability company registered under the PRC law	RMB3,000,000	60%	60%	Property Management in the PRC
Tianjin Yongsheng Chengkong Property Management Co., Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	51%	51%	Property Management in the PRC
Qinghai Yongsheng Rui Property Management Co. Ltd.	Limited liability company registered under the PRC law	RMB3,000,000	60%	60%	Property Management in the PRC
Chongqing Hezhan Property Management Co. Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Chongqing Yongzhang Enterprise Management Co. Ltd.	Limited liability company registered under the PRC law	RMB1,000,000	100%	100%	Property Management in the PRC
Shanghai Xinxiangjia Home Management Co. Ltd.	Limited liability company registered under the PRC law	RMB10,000,000	100%	100%	Integrated Management in the PRC
Sichuan Yongsheng Shenggaohua Human Resources Co., Ltd	Limited liability company registered under the PRC law	RMB500,000	100%	100%	Integrated Management in the PRC
Hangzhou Xiaole Property Agency Co., Ltd. (i)	Limited liability company registered under the PRC law	RMB10,000,000	100%	—	Property Management in the PRC

Notes:

- (i) The subsidiaries were established by the Group during the year ended 31 December 2025.
- (ii) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the control over these entities to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

30. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Ownership interest held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				RMB'000	RMB'000	RMB'000	RMB'000
Qingdao Yayuan	PRC	45%	45%	30,450	28,104	22,403	24,102
Macalline Property	PRC	20%	20%	20,948	20,037	116,352	110,404
Individually immaterial subsidiaries with non-controlling interests				61,203	65,170	304,040	250,409
				<u>112,601</u>	<u>113,311</u>	<u>442,795</u>	<u>384,915</u>

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Qingdao Yayuan

	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	<u>253,752</u>	<u>267,449</u>
Profit and total comprehensive income	<u>67,666</u>	<u>62,454</u>
Profit attributable to non-controlling interests	<u>30,450</u>	<u>28,104</u>
Dividends paid to non-controlling interests	<u>32,149</u>	<u>26,604</u>
Cash flows from operating activities	<u>34,710</u>	<u>72,503</u>
Cash flows from (used in) investing activities	<u>142</u>	<u>(295)</u>
Cash flows used in financing activities	<u>(33,899)</u>	<u>(65,576)</u>
Net cash inflows	<u>953</u>	<u>6,632</u>

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FOR THE YEAR ENDED 31 DECEMBER 2025

30. NON-CONTROLLING INTERESTS (CONTINUED)

	2025	2024
	RMB'000	RMB'000
Current assets	132,233	124,789
Non-current assets	13,848	20,884
Current liabilities	(96,184)	(92,000)
Non-current liabilities	(112)	(112)
Net assets	49,785	53,561
Accumulated non-controlling interests	22,403	24,102

Macalline Property

	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	646,838	635,690
Profit and total comprehensive income	104,739	100,184
Profit attributable to non-controlling interests	20,948	20,037
Dividends paid to non-controlling interests	15,000	23,799
Cash flows from operating activities	58,738	84,590
Cash flows from (used in) investing activities	191	(331)
Cash flows used in financing activities	(15,000)	(118,996)
Net cash inflows (outflows)	43,929	(34,737)

	2025	2024
	RMB'000	RMB'000
Current assets	182,944	138,974
Non-current assets	535,303	535,679
Current liabilities	(114,036)	(100,181)
Non-current liabilities	(22,453)	(22,453)
Net assets	581,758	552,019
Accumulated non-controlling interests	116,352	110,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RELATED PARTIES TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

(a) Related parties transactions

	2025	2024
	RMB'000	RMB'000
Property management services		
Fellow subsidiaries (note i)	33,293	28,107
Associates and joint ventures of the ultimate holding company (note ii)	28,914	15,047
Subsidiaries of Red Star Macalline Grou Corporation Ltd. ("Red Star Macalline") (note iii)	611,315	610,992
Total	673,522	654,146
Community value-added services		
Fellow subsidiaries (note i)	2,887	13,347
Associates and joint ventures of the ultimate holding company (note ii)	3,431	5,190
Total	6,318	18,537
Value-added services to non-property owners		
Fellow subsidiaries (note i)	88,482	231,017
Associates and joint ventures of the ultimate holding company (note ii)	77,966	192,829
Total	166,448	423,846
Purchase of services		
Subsidiaries of Red Star Mancalline (note iii)	57,459	64,816
Purchase of property, plant and equipment		
Fellow subsidiaries (note i)	9,665	—

Notes:

- (i) Represented the subsidiaries of CIFI Holdings (Group) Co. Ltd.
- (ii) Represented associates and joint ventures of CIFI Holdings (Group) Co. Ltd.
- (iii) Represented the subsidiaries of Red Star Macalline which is a non-controlling shareholder having a significant influence over Macalline Property.

The remuneration paid and payable to the key management personnel of the Group who are also the directors of the Company for the year is set out in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Related parties balances

	2025	2024
	RMB'000	RMB'000
Trade and bills receivables		
Fellow subsidiaries (note i)	527,826	533,186
Associates and joint ventures of the ultimate holding company (note i)	335,504	337,364
Subsidiaries of Red Star Macalline (note i)	747	8,239
Total	864,077	878,789
Deposits and other receivables		
Fellow subsidiaries (note ii)	634,053	673,533
Associates and joint ventures of the ultimate holding company (note ii)	66,784	76,592
Total	700,837	750,125
Trade and bills payables		
Subsidiaries of Red Star Macalline (note iii)	14,562	25,132
Other payables		
Fellow subsidiaries (note iv)	138,062	138,062
Contract liabilities		
Fellow subsidiaries (note v)	70,375	52,146
Associates and joint ventures of the ultimate holding company (note v)	11,740	7,943
Subsidiaries of Red Star Macalline (note v)	2,052	1,101
Total	84,167	61,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Related parties balances (continued)

Notes:

- (i) The balances were represented provision of property management services, community-value added services and value-added services to non-property owners and city services in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred. The amounts were due for payment upon the issuance of demand note.
- (ii) The deposits were represented with deposit for exclusive sales representative agreements of refundable deposits to secure the sales collective of car parks, storage units and retail shops and amount will be refunded when the car park, storage units and retail shops are sold out. The other receivables were unsecured, interest free and receivable on demand.
- (iii) The balances were represented purchases of services charged based on service agreement mutually agreed by contracted parties.
- (iv) The other payables are unsecured, interest-free and payables on demand.
- (v) The balances were represented advance payments from contracted parties in accordance with the terms of the relevant services agreements which charged by the square meter of the service area and actual cost incurred while the property management services or valued added services are yet to be provided.

32. LEASE LIABILITIES

Lease liabilities payable:

	2025	2024
	RMB'000	RMB'000
Not later than one year	5,413	7,698
Later than one year and not later than two years	4,517	1,481
Later than two years and not later than five years	547	1,091
	10,477	10,270
Less: Amounts due for settlement within 12 months shown under current liabilities	(5,413)	(7,698)
Amounts due for settlement after 12 months shown under non-current liabilities	5,064	2,572

The weighted average incremental borrowing rates applied to lease liabilities range from 3.50% to 5.00% (2024: from 3.65% to 5.00%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

33. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain of the properties held by the Group for rental purposes have committed lessees for the next one year (2024: from one to two years).

Undiscounted lease payments receivable on leases are as follows:

	2025	2024
	RMB'000	RMB'000
Within one year	61	1,415
In the second year	—	61
	<u>61</u>	<u>1,476</u>

34. COMMITMENTS

	2025	2024
	RMB'000	RMB'000
Commitments for the acquisition of property, plant and equipment and intangible assets	<u>6,336</u>	<u>6,872</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payables RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Other payables RMB'000
As at 1 January 2024	—	44,951	18,796	—
Change from financing cash flow				
– New borrowings raised	—	34,500	—	—
– Repayments	(402,306)	(46,725)	(12,367)	—
– Interest paid	—	(1,434)	(570)	(1,161)
	<u>(402,306)</u>	<u>(13,659)</u>	<u>(12,937)</u>	<u>(1,161)</u>
Non-cash changes				
– New leases	—	—	3,841	—
– Addition from sale and leaseback	—	2,822	—	—
– Accrued dividends	402,306	—	—	—
– Finance costs	—	1,434	570	1,161
	<u>402,306</u>	<u>4,256</u>	<u>4,411</u>	<u>1,161</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Dividend payables	Borrowings	Lease liabilities	Other payables
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024	—	35,548	10,270	—
Change from financing cash flow				
– New borrowings raised	—	32,835	—	—
– Repayments	(309,829)	(36,025)	(9,710)	—
– Interest paid	—	(1,083)	(339)	(2,025)
	(309,829)	(4,273)	(10,049)	(2,025)
Non-cash changes				
– New leases	—	—	9,917	—
– Addition from sale and leaseback	—	4,133	—	—
– Accrued dividends	309,829	—	—	—
– Finance costs	—	1,083	339	2,025
	309,829	5,216	10,256	2,025
As at 31 December 2025	—	36,491	10,477	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

36. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

The management regards total equity as capital. The amount of capital as at 31 December 2025 and 2024 amounted to RMB5,621,793,000 and RMB5,386,041,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

37. FINANCIAL RISK MANAGEMENT

a. Categories of financial instruments

	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	6,553,619	6,164,533
Financial assets at FVTPL	292,079	280,981
Financial liabilities		
Amortised cost	2,281,588	2,185,785
Lease liabilities	10,477	10,270

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, financial assets at FVTPL, restricted cash, cash and cash equivalents, trade and bills payables, other payables, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(a) Market risk

Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB. The Group's foreign currency denominated monetary assets are mainly bank balances at the end of each reporting period and the carrying amounts are as follows:

	2025	2024
	RMB'000	RMB'000
Assets		
HK\$	3,657	5,215
USD	1	5,510
	<u>3,658</u>	<u>10,725</u>

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currency. The sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit after taxation for the year where RMB weakens 5% against the relevant currency. For a 5% strengthening of RMB against the relevant currency, there would be an equal and opposite impact on the profit after taxation and the amounts below would be negative.

	2025	2024
	RMB'000	RMB'000
Profit after taxation	<u>137</u>	<u>402</u>

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted cash (Note 21), bank balances and deposits (Note 21), borrowings (Note 24) and lease liabilities (Note 32). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 21) and variable-rate borrowings (Note 24). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Group has no significant interest - bearing assets and liabilities other than borrowings, restricted cash and bank balances and deposits. Management monitors the interest rate risk and performs sensitivity analysis on a regular basis.

37. FINANCIAL RISK MANAGEMENT (CONTINUED)**b. Financial risk management objectives and policies (continued)****(a) Market risk (continued)****Interest rate sensitivity**

The sensitivity analyses below have been prepared based on the exposure to interest rates for non derivative instruments (restricted cash, bank balances and deposits and borrowings). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease for restricted cash, bank balances and deposits and borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank balances and deposits respectively.

At the end of the reporting period, if interest rates had been increased/decreased by 50 basis points in respect of restricted cash, bank balances and deposits and borrowings, the Group's profit after taxation would increase/decrease by approximately RMB13,955,000 (2024: RMB10,070,000) for the year ended 31 December 2025.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. In addition, the Group also invested in several close-ended funds. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1 and Level 2, the sensitivity rate is 5% in current year as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, the post-tax profit for the year ended 31 December 2025 would increase/decrease by RMB10,953,000 (2024: 10,537,000) as a result of the changes in fair value of investments at FVTPL.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables, restricted cash and bank balances and deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of bills receivables are backed by bills issued by reputable financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

The Group performed impairment assessment for financial assets and other items under ECL model. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and bills receivables	Other items
Low risk	The counterparty has a low risk of default, and for trade and bills receivable, its aging is within 180 days	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full, and for trade and bills receivables, its aging is over 180 days but less than 1 year	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

		Internal	External		2025	2024
	Notes	Credit rating	credit rating	12m or lifetime ECL	Gross carrying amount	Gross carrying amount
					RMB'000	RMB'000
Financial assets at amortised cost						
Trade and bills receivables (ii)	18	N/A	N/A	Life-time ECL (provision matrix)	1,452,600	1,279,363
		N/A	N/A	Life-time ECL (credit-impaired and provision matrix)	790,425	631,816
		Low risk	N/A	Life-time ECL	503,626	691,064
		Watch list	N/A	Life-time ECL	360,451	187,725
					<u>3,107,102</u>	<u>2,789,968</u>
Other receivables and deposits	19	Low risk	N/A	12m ECL	556,555	397,453
		Watch list	N/A	12m ECL	507,476	696,272
					<u>1,064,031</u>	<u>1,093,725</u>
Restricted cash and bank balances and deposits (i)	21	Low risk	N/A	12m ECL	2,827,503	2,685,268

(i) Restricted cash and bank balances and deposits

The Group expects that there is no significant credit risk associated with restricted cash, deposits and bank balances since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(ii) Trade and bills receivables

The Group has large number of customers and there was no concentration of credit risk. In order to minimise the credit risk, the Group uses debtors' aging to assess the customers' abilities to settle the debtors in accordance with the contractual terms on a timely basis. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

As part of the Group's credit risk management, the Group applies internal credit rating individually for trade and bills receivables due from fellow subsidiaries and subsidiaries of Red Star Macalline. For other party's trade and bills receivables, the Group using provision matrix based on debtors' aging to assess the impairment for its customers because these customers consist of a large number of individual customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade and bills receivables as at 31 December 2025 and 2024.

Trade and bills receivables	Third parties and other related parties						Fellow subsidiaries and certain related parties	Total
	Up to 1 year	1 to 2 year	2 to 3 year	3 to 4 year	4 to 5 year	Over 5 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2024								
Expected loss rate	6.3%	18.5%	30.5%	44.5%	59.3%	100.0%	6.0%	
Gross carrying amount	1,279,363	310,476	147,800	80,824	47,501	45,215	878,789	2,789,968
Loss allowance provision	80,886	57,308	45,047	35,971	28,148	45,215	52,378	344,953
At 31 December 2025								
Expected loss rate	6.5%	18.6%	29.6%	41.0%	53.4%	100.0%	7.0%	
Gross carrying amount	1,452,599	389,241	216,648	122,153	49,879	12,505	864,077	3,107,102
Loss allowance provision	94,399	72,519	64,205	50,050	26,640	12,505	60,433	380,751

(iii) Deposits for exclusive sales representative agreement

The Group entered into exclusive sales representative agreements about sales of car parks and retail shops with the fellow subsidiaries and third parties. Pursuant to the agreements, certain deposits will be paid by the Group after the effective date of each agreement and will be settled in line with the car parks and retail shops sold out and transferred to third-party customers. For deposits for exclusive sales representative agreements, the management makes periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(iii) Deposits for exclusive sales representative agreements (continued)

	Deposits for exclusive sales representative agreements
	RMB'000
At 31 December, 2024	
Expected loss rate	4.24%
Gross carrying amount	756,391
Loss allowance provision	32,052
At 31 December, 2025	
Expected loss rate	4.3%
Gross carrying amount	705,372
Loss allowance provision	30,149

(iv) Other deposits and other receivables

Other deposits and other receivables mainly included or comprised other receivables from related parties, payments on behalf of property owners, deposits, interest receivables and others. For payments on behalf of property owners, the Group applies internal credit rating based on debtors' aging. For other deposits and other receivables other than payments on behalf of property owners, the management makes periodic individual assessment on the recoverability of these receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(b) Credit risk and impairment assessment (continued)

(iv) Other deposits and other receivables (continued)

Other deposits and other receivables	Other parties
	RMB'000
At 31 December, 2024	
Expected loss rate	8.1%
Gross carrying amount	337,334
Loss allowance provision	27,423
At 31 December, 2025	
Expected loss rate	9.5%
Gross carrying amount	358,659
Loss allowance provision	34,117

As at 31 December 2025 and 2024, the loss allowance provision for trade and bills receivables

	Trade and bills receivables	Deposits for exclusive sales representative agreements	Other deposits and other receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	269,279	37,330	23,669	330,278
Provision for loss allowance recognised in profit or loss, net of reversal	75,674	(5,278)	3,754	74,150
At 31 December 2024 and 1 January 2025	344,953	32,052	27,423	404,428
Provision for loss allowance recognised in profit or loss, net of reversal	102,954	(1,903)	7,049	108,100
Disposal of subsidiaries	(6,054)	—	(21)	(6,075)
Write off bad debt	(61,102)	—	(334)	(61,436)
At 31 December 2025	380,751	30,149	34,117	445,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Financial risk management objectives and policies (continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Range of Interest rate	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024						
Trade and bills payables	—	1,307,537	1,307,537	1,307,537	—	—
Borrowings	2.00% - 9.00%	35,548	36,283	35,215	1,068	—
Other payables	Nil - 6.00%	827,510	827,510	827,510	—	—
Consideration payables	—	15,190	15,190	15,190	—	—
Lease liabilities	3.65% - 5.00%	10,270	10,313	7,622	1,548	1,143
		<u>2,196,055</u>	<u>2,196,833</u>	<u>2,193,074</u>	<u>2,616</u>	<u>1,143</u>
As at 31 December 2025						
Trade and bills payables	—	1,450,893	1,450,893	1,450,893	—	—
Borrowings	2.00%-9.74%	36,491	38,117	22,388	7,119	8,610
Other payables	Nil-6.00%	780,014	780,014	780,014	—	—
Consideration payables	—	14,190	14,190	14,190	—	—
Lease liabilities	3.50%-5.00%	10,477	10,869	5,690	5,179	—
		<u>2,292,065</u>	<u>2,294,083</u>	<u>2,273,175</u>	<u>12,298</u>	<u>8,610</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

In estimating the fair value, the Group uses market-observable data to the extent it is available.

Financial instrument	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2025	31 December 2024		
Equity instruments classified as financial assets at FVTPL - listed equity securities in Hong Kong	RMB2,513,000	RMB3,935,000	Level 1	Quoted bid prices in an active market
Unlisted equity securities funds classified as financial assets at FVTPL	RMB289,566,000	RMB277,046,000	Level 3	Fund net asset value

There were no transfers between Level 1 and 2 during the year.

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

39. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Eligible participants of the Scheme include the employees of the Company. The Scheme became effective on 30 December 2025 and, unless otherwise cancelled or amended, will remain in force for 5 years from that date.

Options granted under the Scheme are normally exercisable between the 10 April 2027 and 31 December 2030 of the date of grant subject to a vesting condition as below.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options	Exercisable period
Options granted to directors: – on 30 December 2025	32,800,000	(Note)	5 years	20%: vested on 10 April 2027 and exercisable from 10 April 2027 to 31 December 2030
Options granted to employees: – on 30 December 2025	<u>27,800,000</u>		5 years	35%: vested on 10 April 2028 and exercisable from 10 April 2028 to 31 December 2030 30%: vested on 10 April 2029 and exercisable from 10 April 2029 to 31 December 2030 15%: vested on 10 April 2030 and exercisable from 10 April 2030 to 31 December 2030
Total share options granted	<u>60,600,000</u>			

Note: The vesting of the Share Options shall be conditional upon the achievement of the individual annual performance targets set by the Group for the relevant year. The Company has established an assessment mechanism comprising certain key performance indicator components to be determined by the Board for the purpose of calculating and assessing the achievement of performance targets by the relevant Grantees. If the relevant annual performance targets are not achieved, the assessment period may be extended to subsequent years up to the final vesting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

39. SHARE OPTION SCHEME (CONTINUED)

(b) The number of share options outstanding and their related average exercise prices during the year ended 31 December 2025 are as follows:

	2025 Weighted average exercise price (HK\$ per share)	2025 Number of share options
Outstanding at the beginning of the year		
Granted during the year	1.89	60,600,000
Forfeited during the year	—	—
Exercised and lapsed during the year	—	—
Outstanding at the end of the year	1.89	60,600,000

The exercise price of the options outstanding at the end of the year was HK\$1.89 per share and their weighted average contractual life was 5 years.

The weighted average fair value of each option granted during the year ended 31 December 2025 was HK\$0.50 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

39. SHARE OPTION SCHEME (CONTINUED)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

Fair value of share options and assumptions	2025
Fair value at measurement date	HK\$0.50
Share price	HK\$1.70
Exercise price	HK\$1.89
Expected volatility	59.09%
Option life	5 years
Expected dividends	7.91%
Risk-free interest rate	2.62%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

The Group recognised expense immaterial for the year ended 31 December 2025 in relation to share options granted by the Company.

FINANCIAL SUMMARY

For the year ended 31 December					
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,866,231	6,841,135	6,537,423	6,276,479	4,702,816
Profit for the year	550,050	591,307	529,969	575,892	692,535
Attributable to:					
Owners of the Company	437,449	477,996	434,472	480,111	617,014
Non-controlling interests	112,601	113,311	95,497	95,781	75,521

As at 31 December					
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	9,625,691	9,216,653	8,829,243	8,043,127	7,266,492
Total liabilities	4,003,898	3,830,612	3,615,609	3,210,473	2,574,754
Net assets	5,621,793	5,386,041	5,213,634	4,832,654	4,691,738
Equity attributable to owners of the Company	5,178,998	5,001,126	4,873,066	4,595,947	4,443,813
Non-controlling interests in equity	442,795	384,915	340,568	236,707	247,925