



星盛商業管理股份有限公司

E-STAR COMMERCIAL MANAGEMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6668

ANNUAL REPORT

2025



INFORMATION IN THIS ANNUAL REPORT

Unless otherwise stated or the context otherwise requires, this annual report was prepared based on the information available to the Company for the year ended 31 December 2025 or as at the date on which this annual report has been approved by the Board being 25 March 2026.

Subsequent to 25 March 2026 and before the latest practicable date prior to the printing of this annual report, the following changes of the Directors and the composition of Board committees have taken place on 31 March 2026:

- a) Mr. Ma Chaoqun has resigned as an executive Director;
- b) Mr. Liu Jun has resigned as a non-executive Director, a member of the audit committee (the “**Audit Committee**”) and remuneration committee (the “**Remuneration Committee**”) of the Company;
- c) Ms. Ou Qunping has been appointed as a non-executive Director, a member of the Audit Committee and the Remuneration Committee.

For further details, please refer to the announcement of the Company published on 31 March 2026.

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GROUP INTRODUCTION

E-Star Commercial Management Company Limited (“**E-Star Commercial**” or the “**Company**”) and its subsidiaries (collectively, “**we**” or the “**Group**”) is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As of 31 December 2025, the Group entered into contracts to provide services for 52 commercial property projects (including 9 consultancy services projects) located in 19 cities in the People’s Republic of China (“**China**” or “**PRC**”), with an aggregate contracted gross floor area (“**GFA**”) of approximately 2.5 million square meters (“**sq.m.**”) (excluding the area under 9 consultancy services projects), 43.0% of which was developed or owned by independent third parties. Among them, 27 retail commercial properties have been opened with an aggregate opened GFA of approximately 1.6 million sq.m..

The Group owns a comprehensive and highly-recognised brand system, primarily including “COCO Park” for city shopping centers (城市型購物中心) targeting consumers in the city, “COCO City” and “iCO” for regional shopping centers (區域型購物中心) targeting consumers within a five-kilometer radius from such shopping centers, “COCO Garden” for community shopping centers (社區型購物中心) targeting consumers within a one-to-three-kilometer radius from such shopping centers and “Top Living (第三空間)” for its high-end home furnishing shopping center.

The Group has been widely recognised in the market for its brand system and operating strength and also received various honours. In 2025, the Group attained awards including “China’s Top Ten Commercial Property Developers 2025” (2025年中國商業地產運營十強企業) and “China’s Top 100 Commercial Property Enterprises 2025” (2025年中國商業地產百強企業) by China Index Academy (中指院), “2025 Commercial Real Estate Operations of Real Estate Development Enterprises TOP10” (2025年房地產開發企業商業地產運營 TOP10) by China Real Estate Association (中國房地產業協會), “2025 New Quality Operation Commercial Management Company Excellence List”(2025年度新質運營商管公司卓越榜) by Mall China, “2025 CCFA Golden Lily Shopping Center Best Marketing Innovation Practice Case” (2025年 CCFA 金百合購物中心最佳營銷創新實踐案例) by CCFA, “2025 Excellent Service Enterprise” (2025年度卓越服務企業) by the Wanshang Club (萬商俱樂部), “2025 Most Influential Commercial Management Leaders”(2025年度影響力商管領軍企業), “2025 Top 20 Shopping Center Operators”(2025年度購物中心運營商表現20) and “2025 Top 20 Commercial Property Innovation Capability Performers”(2025年度商業地產創新能力表現20) by Guandian Index Academy (觀點指數研究院), as well as “2025 TOP100 Retail Commercial Property Enterprises by Comprehensive Strength”(2025年度零售商業地產企業綜合實力TOP100) by Winshang.com (贏商網). Meanwhile, Shenzhen Futian Galaxy COCO Park (深圳福田星河 COCO Park) was awarded “2025 Shopping Centers Comprehensive Strength Excellent Performance 50”(2025 購物中心綜合實力卓越表現 50) by Guandian Index Academy (觀點指數研究院). Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park) was awarded the “Ruixing • 2025-2026 New Forces in Asset Management: Outstanding Asset Management Project” (睿行•2025-2026資管新勢力優秀資管項目) by Ruihe Think Tank (睿和智庫).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang De-Lin Benny (*Chairman*)
Mr. Chen Qunsheng (*Chief Executive Officer*)
Mr. Ma Chaoqun

Non-executive Directors

Mr. Huang De'An Tony
Mr. Liu Jun

Independent non-executive Directors

Dr. Zhang Jinghua
Mr. Guo Zengli
Ms. Wan Hoi Lam

COMMITTEES

Audit Committee

Ms. Wan Hoi Lam (*Chairman*)
Mr. Liu Jun
Mr. Guo Zengli

Remuneration Committee

Mr. Guo Zengli (*Chairman*)
Dr. Zhang Jinghua
Mr. Liu Jun

Nomination Committee

Mr. Huang De-Lin Benny (*Chairman*)
Mr. Guo Zengli
Dr. Zhang Jinghua

AUTHORISED REPRESENTATIVES

Mr. Huang De-Lin Benny
Ms. Xu Jing

COMPANY SECRETARY

Ms. Xu Jing

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

71 Fort Street
PO Box 500
George Town
Grand Cayman
KY1-1106
Cayman Islands

PLACE OF BUSINESS IN HONG KONG

Room 1704, 17/F, Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

33rd Floor, Building A
Galaxy World
1 Yabao Road
Longgang District, Shenzhen
Guangdong Province
PRC

PRINCIPAL SHARE REGISTRAR

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Ping An Bank Co., Ltd.

COMPANY'S HONG KONG LEGAL ADVISOR

Eric Chow & Co. in Association with Commerce
& Finance Law Offices







COMPANY'S WEBSITE

www.g-cre.com


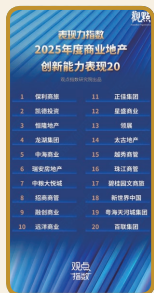



AWARDS

AWARDS AND RECOGNITIONS

The table below sets forth a selection of the notable awards and accreditations we received:

Award Name	Awarding Institution	Award details
2025 Top 10 Commercial Real Estate Operation Enterprises in China	China Index Academy	
2025 Top 100 Commercial Real Estate Enterprises in China	China Index Academy	
2025 Top 10 Commercial Real Estate Operators among Real Estate Development Enterprises	China Real Estate Association	
2025 Excellent List of New-Quality Operation & Commercial Management Companies	Mall China	
2025 CCFA Golden Lily Best Marketing Innovation Practice Case of Shopping Centers	CCFA	
2025 Influential Leading Enterprise in Commercial Management	Viewpoint Index Research Institute	

AWARDS

Award Name	Awarding Institution	Award details
2025 Top 20 Performance of Shopping Center Operators	Viewpoint Index Research Institute	 <p>2025 年度购物中心运营高表现 星盛商业管理股份有限公司</p>
2025 Top 20 Performance in Commercial Real Estate Innovation Capability	Viewpoint Index Research Institute	 <p>商业力指数 2025年度商业地产 创新能力表现20</p>
2025 Top 100 Retail Real Estate Enterprises with Comprehensive Strength	Winshang.com	 <p>2025年度零售商业地产综合实力TOP100 TOP 26 星盛商业</p>
2025 Excellent Service Enterprise	Wanshang Club	 <p>第十五届 商尊服务年度大奖 星盛商业 卓越服务企业</p>
Top 50 Shopping Centers for – Comprehensive Excellence 2025 Shenzhen Futian Galaxy COCO Park	Viewpoint Index Research Institute	 <p>2025购物中心综合实力卓越表现50 深圳福田星河COCO Park</p>
RuiXing • 2025–2026 Outstanding – Asset Management Project Shenzhen Longgang Galaxy COCO Park	Ruihe Think Tank	 <p>第十届中国不动产资产管理峰会 睿行：2025-2026年度资产管理 优秀资管项目 深圳龙岗星河COCO Park</p>

CHAIRMAN'S STATEMENT

2025: STEADY PROGRESS, PROFITABILITY FIRST

2025 marks the final year of E-Star Commercial's "14th Five-Year Plan". Facing structural adjustments in the consumer market and a profound reshaping of the industry's competitive landscape, the Group has adhered to a dual-drive strategy of "strategic focus" and "high-quality development," consolidating achievements amid challenges and achieving quality upgrades through innovation. With our high-quality and professional operational capabilities, we have ensured the Company's steady operations and cash flow security, laying a solid foundation for long-term development.

Financial Performance Overview

In 2025, the Group achieved consolidated revenue of approximately RMB582.9 million for the year, representing a year-on-year decrease of approximately 9.6%. Profit attributable to owners of the Company amounted to approximately RMB142.6 million, representing a year-on-year decrease of approximately 7.7%, and earnings per share attributable to shareholders amounted to RMB14.09 cents.

With regard to shareholder returns, the Board of Directors has proposed to declare a final dividend of HK8.5 cents per ordinary share. Together with the interim dividend of HK5.0 cents per ordinary share already paid, the total annual dividend amounts to HK13.5 cents per ordinary share, representing a dividend payout ratio of approximately 87% for the year, with the aim of sharing the Company's operating results with shareholders.

(1) New Projects Gradually Debut, Deepening Presence in Core Regions

In 2025, the Group steadfastly implemented its "Strategic Focus" policy, deepening its presence in the core regions of the Greater Bay Area and the Yangtze River Delta. Through the launch of high-quality projects, the Group continued to consolidate its commercial footprint and market influence.

During the year, the Group successfully opened Shenzhen Guangming Galaxy COCO City Building B (深圳光明星河COCO City B館). With its precise positioning and creation of distinctive spatial experiences, the project has brought a brand-new, high-quality commercial experience to local consumers. It also introduced the first Freshippo in Guangming, marking the Group's first collaboration with the brand.

(2) Deepening Digital and Intelligent Transformation to Enhance Core Competitiveness

The Group fully recognizes that digital and intelligent transformation serves as the core engine driving the Company toward high-quality development. In 2025, we systematically advanced the implementation of digital and intelligent transformation across four key dimensions: consumer-facing operations, business-to-business operations, external resources, and management tools:

Enhancing Consumer-Facing Operations: The operational platform centered on COCO Club has delivered significant results, with annual transaction volume increasing by approximately 33% year-over-year, establishing itself as the core channel for digitally engaging and activating consumers.

CHAIRMAN'S STATEMENT

Deepening Business-to-business Empowerment: The successful launch of the “Star Butler (星管家)” merchant service platform and the QR code payment mini-program has significantly improved management efficiency and boosted transaction volumes for pickup cards.

External Resource Integration: We have established a strategic partnership with Meituan to expand digital and intelligent business scenarios that integrate online and offline operations.

Management Tool Upgrades: The Feishu system was fully launched in August 2025, driving a shift in management philosophy from “approval and control” to “business-driven.” Through the “Efficiency Pioneer Competition (效率先鋒大賽)”, we identified multiple best practices across areas such as tenant sourcing and operations, accumulating replicable practical experience to enhance management efficiency.

(3) Innovating Operational Models to Unlock Growth Potential

In the face of profound market transformations, the Group leverages innovation to unlock growth potential, achieving circle-breaking outreach through IP development and resource integration:

Innovative IP Initiatives: We launched the “ESG Sustainable Exploration Program (ESG可持續探索計劃)” to create China’s first “zero-waste commercial district (無廢商圈)”; the 9th “Grand Festival (大搶節)” collaborated with artist Agan to achieve a breakthrough in youth-oriented marketing through a Y2K visual aesthetic; and the 6th “Hi-Star Carnival (嗨星嘉年華)” partnered with the “RICH FLOWER” super IP to generate a phenomenal market response.

Cross-Industry Resource Integration: Achieved low-cost, high-return outcomes through differentiated partnerships, we successfully hosted the Qingdao Beer Festival, and brought Mango TV’s first exhibition to Shenzhen. Throughout the year, we conducted 5 large-scale joint marketing campaigns with Meituan, JD.com, and Douyin, and established zero-cost brand collaborations with companies such as CATL, Didi, and Amap, building a mutually beneficial resource ecosystem.

Capitalizing on the “Hong Kong Visitors Traveling North” Trend: Multiple projects launched dedicated shuttle bus routes to establish themselves as shopping destinations for Hong Kong visitors. Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park) became Futian District’s first centralized “Buy Now, Return Now” tax refund location and, leveraging its high-quality international services, it was successfully recognized as an “International Friendly Shopping Mall (國際友好商場)”.

(4) Continuously Improving Service and Strengthening Customer Loyalty

The “dual enhancement” of the membership system and service quality is the Group’s key strategy for strengthening customer retention:

Growth in both membership scale and quality: The total number of members increased by approximately 19% year-over-year, the number of active consumers rose by about 35% year-over-year, and sales from members grew by approximately 12% year-over-year.

Special Service Initiatives Yield Results: The inaugural “Service Month (服務月)” initiative collected over a thousand customer evaluations and recognized as service role models to drive service upgrades through benchmarking; during the first “Super Member Day (超級會員日)” event, both member sales revenue and the proportion of sales from members reached all-time highs.

CHAIRMAN'S STATEMENT

PROSPECT 2026: LEAN MANAGEMENT, UNITING FORCES TO BREAK THROUGH CHALLENGES

2026 marks the inaugural year of E-Star Commercial's "15th Five-Year Plan", serving as a pivotal year for the Group to build momentum and pursue progress while maintaining stability. We will stay true to the theme of the "Year of Lean Management" and uphold the philosophy of "Building Urban Prosperity through Commercial Wisdom." By focusing on four key areas—digital empowerment, lean operations, unwavering commitment to safety standards, and asset value enhancement—we will lay a solid foundation for the Company's high-quality development.

(1) Deepening Digital and Intelligent Transformation to Advance Toward Smart Decision-Making

In 2026, the Group will focus on the full implementation of its ERP business integration system to drive comprehensive digital and intelligent transformation across all areas:

User Experience Side: We will upgrade the "Star Butler (星管家)" tool and develop an APP application, while deepening the omnichannel marketing matrix and enhancing the efficiency of traffic acquisition from public platforms.

Management and Decision-Making Side: We will establish a unified data warehouse, build a visual operational reporting system, and enable AI-powered intelligent data queries and alerts for key performance indicators, providing robust support for management decisions.

Organizational Empowerment Side: We will deepen the application of AI technology in business scenarios, promote digital best practices, and systematically drive cost reduction and efficiency improvements.

(2) Implementing Lean Operations and Focusing on Value Creation

The core of lean operations lies in precisely allocating resources to value-creating activities:

Merchant Empowerment: We will establish a "skill-training" merchant support system; utilize the 5P model of merchandise management to achieve refined operations; and focus on cultivating 2–3 key product categories at each project.

Marketing Efficiency: By fully implementing a "targeted deployment + closed-loop review" mechanism, we will strictly control expenses, and pursue higher returns on investment.

Process Optimization: We will streamline and standardize the entire operational workflow based on lean principles to enhance cross-departmental collaboration efficiency; we will also use digital and intelligent tools to introduce differentiated membership benefits and create a consumer-friendly shopping experience.

Tenant Sourcing and Vacancy Reduction: We will implement differentiated strategies based on occupancy rates; for projects with high occupancy, we will focus on adjustments and quality improvements; for projects with low occupancy, we will prioritize vacancy reduction. By actively pursuing flagship store opportunities, we lay the foundation for rental growth.

CHAIRMAN'S STATEMENT

(3) Upholding Safety Standards and Strengthening the Foundation for Development

We adhere to the principle of "Safety First, Focus on Prevention", and work to establish a robust dual defense system encompassing both physical space security and operational management:

In terms of physical security, we will strictly enforce all regulations regarding fire safety, facilities and equipment, on-site order, and personnel management. We will strengthen daily patrols and hazard identification mechanisms, and establish a three-pronged prevention system combining human, physical, and technological safeguards to resolutely prevent all types of safety risks and ensure the smooth and orderly operation of our malls.

In terms of operational safety, we will focus on key areas such as brand recruitment, contract fulfillment, financial control, and marketing compliance. We have established robust mechanisms for risk assessment and process control to ensure standardized operational procedures, accurate and verifiable data, and trustworthy, orderly partnerships.

Through comprehensive, end-to-end safety controls, coupled with a strong sense of responsibility and a rigorous work ethic, we will build a solid moat to ensure customer confidence in safe consumption, merchant assurance in business operations, and high-quality development of the Company.

(4) Enhancing Asset Value and Expanding High-Quality Opportunities

The Group is committed to continuously optimizing its asset portfolio through the upgrading of existing assets and the expansion of new assets:

Targeted Upgrading of Existing Assets: Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park) will focus on increasing rents, foot traffic, and brand density to solidify its position as a commercial benchmark in the Greater Bay Area; Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD•COCO Park) will leverage the grand opening of its Phase II to establish E-Star Commercial's second flagship project; Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park) will deepen its brand renewal centered on the "she-economy (她經濟)" theme; Shenzhen Longhua Galaxy COCO City (深圳龍華星河COCO City) will ensure a smooth transition during its adjustment period.

High-Quality Expansion of New Assets: Adhering to the principle of "focusing on deep cultivation and prioritizing quality over quantity," the Company will prioritize identifying opportunities for benchmark commercial, cultural tourism commercial, non-standard commercial, and community commercial projects in core regions of the Greater Bay Area and the Yangtze River Delta. Concurrently, it will optimize its partnership channels, broaden light-asset business types, and pioneer innovative collaboration models, such as multi-module combinations and full-process advisory services.

CONCLUSION

In 2025, guided by the principles of "wrapping up" and "enhancing quality," we delivered a solid performance amid market challenges. As we face the opportunities and challenges of 2026, all E-star Commercial employees clearly recognize that only by focusing on practical action can we forge a new path amid shifting circumstances.

Looking ahead to this new journey, we will continue to prioritize project operation as our core focus, deepen our refined operations, and fully unleash our growth potential. With even stronger conviction and greater enthusiasm, we will create sustainable investment returns for our shareholders, build win-win opportunities for our partners, provide high-quality experiences for consumers, and inject commercial vitality into urban development.

We would like to take this opportunity to express our sincere gratitude to our shareholders, partners, and all employees for their long-standing trust and support. Let us unite in heart and action, and march together toward a brighter future!

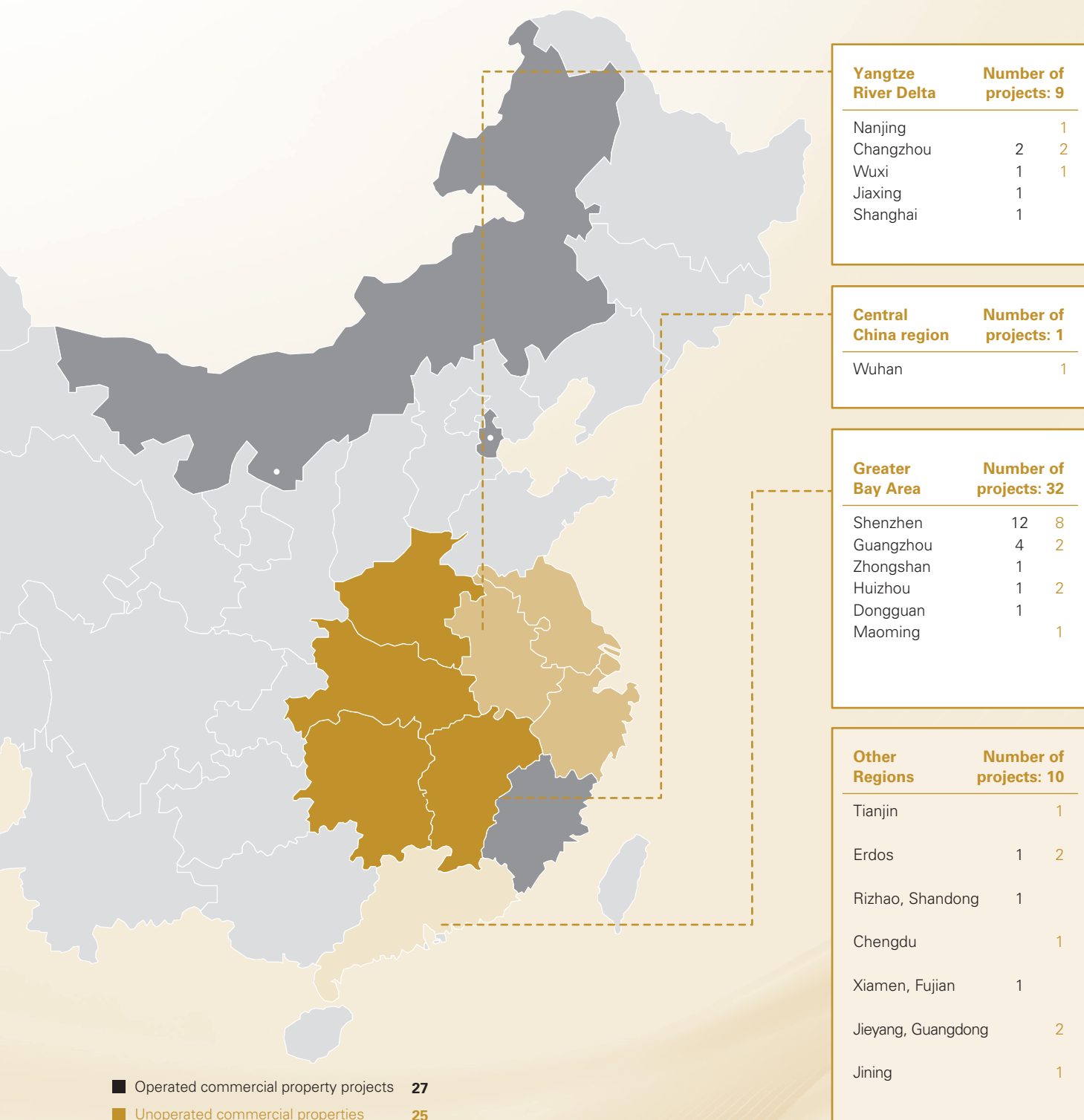
Huang De-Lin Benny

Chairman

25 March 2026

OVERVIEW OF BUSINESS

As of 31 December 2025, the Group entered into contracts to provide services for 52 commercial property projects located in 19 cities in China.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a commercial property operational service provider focusing on improving the results of operations of commercial properties, primarily shopping centers, shopping streets and commercial complex, for property owners through its professional management. Its commercial property operational services comprise:

- positioning, construction consultancy and tenant sourcing services: primarily including market positioning, business planning consultancy, design and construction consultancy and tenant sourcing services;
- operational management services: primarily including formulating operation strategies, conducting marketing and promotional events, tenant management services, property management services and rent collection services;
- property leasing services: including sublease of commercial spaces in the commercial properties managed under the sublease service model to tenants; and
- value-added services: primarily including management of common areas in the shopping centers which customers can rent for a short period for pop-up shops and promotional settings, and management of advertising spaces, such as LED boards and interior and exterior facades of the shopping centers.

The Group provides commercial property operational services under three operational models, namely, the entrusted management service model, the brand and management output service model and the sublease service model. Under different operational models, the Group has different levels of involvement in the management of commercial properties and provides different combinations of services to different customer groups:

Entrusted management service model

Under this model, it was entrusted by the property owners with full authority to manage the commercial properties. The Group employs the entire management team, including the general project manager and members of functional departments.

- Services: The Group provides (i) positioning, construction consultancy and tenant sourcing services, (ii) operational management services and (iii) value-added services.
- Customers: The Group's customers include (i) property owners, (ii) tenants and (iii) relevant customers in respect of value-added services.
- Revenue sources: The Group's revenue sources include (i) fixed fees for market positioning, design and construction consultancy and tenant sourcing services from property owners, (ii) a pre-agreed percentage of the revenue or profit, and/or a fixed fee, for operational management services from property owners, (iii) management fees for operational management services from tenants and (iv) common area use fees for valued-added services from relevant customers.
- Cost structure: The Group bears the operating costs of managing the commercial property.

The entrusted management service model offers the Group a higher level of autonomy in managing the project, which it believes that it can achieve better operating results and increase its revenue, and limits its credit risk as certain cash flows may pass through.

MANAGEMENT DISCUSSION AND ANALYSIS

Brand and management output service model

Under this model, the Group, as professional managers, manages commercial properties for the property owners. It only employs the core management team to the projects, usually consisting of the general project manager and/or heads of certain functional departments. The property owner is responsible for employing most of the project personnel. The core management team assigned by the Group will lead and supervise the project personnel employed by property owners in managing the project.

- **Services:** The Group's services include (i) market positioning, design and construction consultancy and tenant sourcing services and (ii) operational management services.
- **Customers:** The Group's customers only include property owners.
- **Revenue sources:** The Group's revenue sources include (i) fixed fees for positioning, design and construction consultancy and tenant sourcing services from property owners and (ii) a pre-agreed percentage of the revenue and/or profit, and/or a fixed fee, for operational management services from property owners.
- **Cost structure:** The Group only bears its staff costs related to the projects, a portion of which will be reimbursed by the property owners, and the property owners bear the operating costs of managing the commercial properties.

Under this model, the Group does not need to inject substantial capital and human resources, which results in a generally higher gross profit margin as compared to the other two models and facilitates its fast geographic expansion.

Sublease service model

Under this model, the Group leases the commercial property from the property owner and subleases commercial spaces within the commercial property to tenants. The Group is solely responsible for the management and operating results of the commercial property, and employs the entire management team of the project.

- **Services:** The Group's services include (i) property leasing services, (ii) operational management services and (iii) value-added services.
- **Customers:** The Group's customers include (i) tenants and (ii) relevant customers in respect of value-added services.
- **Revenue sources:** The Group's revenue sources include (i) rent from tenants, (ii) management fees for operational management services from tenants and (iii) common area use fees for value-added services from relevant customers.
- **Cost structure:** The Group bears the operating costs of managing the commercial properties and pays rent to the property owner periodically.

Under the sublease service model, the Group may offer to renovate or decorate the commercial property in accordance with the lease agreement with the property owner. The sublease service model can maximise the Group's income from a project, which at the same time exposes it to higher risks. As a result, the Group takes a very prudent approach in adopting the sublease service model and consider adopting such model for projects with high growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS

With reference to the evaluation on the projects and requirements of the property owners, the Group flexibly chooses diversified cooperation models, such as entrusted management, brand and management output and sublease service, during its cooperation with the related parties and third parties, and has achieved good operating results.

The table below sets forth the breakdown of the Group's total contracted GFA and number of commercial properties by operational model as at the dates indicated:

	As of 31 December 2025		As of 31 December 2024	
	Number of properties	Contracted GFA (000'sq.m.)	Number of properties	Contracted GFA (000'sq.m.)
Entrusted management service	11	878	12	886
Brand and management output service	33	1,137	34	1,408
Sublease service	8	521	7	416
Total	52	2,536	53	2,710

Notes:

- (1) Contracted GFA as of 31 December 2025 and 31 December 2024 excluded the GFA of 9 and 8 consultancy service projects, respectively.
- (2) In 2025, the Group conducted a comprehensive assessment from the perspective of its interests as a whole and took the initiative to negotiate with the property owners of Zhuhai International Mansion Shopping Mall (珠海國際大廈商場), Shanshui Outlets • Lu'an Galaxy COCO City (山水奧萊•六安星河 COCO City) and Zhuhai Lailai Galaxy COCO City (珠海來來星河 COCO City) and completed the rescission of the contract. At the same time, the Group successfully secured a contract for Shenzhen Longhua Galaxy COCO Garden (深圳龍華星河COCO Garden) project (Longhua COSTCO).

As of 31 December 2025, the Group provided services to 52 commercial property projects (including 9 consultancy service projects), with a contracted GFA of approximately 2.5 million sq.m. (excluding the GFA of 9 consultancy service projects). The reserve of consultancy service projects lays the foundation for the subsequent transformation into sustainable operation projects, and also provides continuous impetus for the stable growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a breakdown of the Group's total contracted GFA as at the dates indicated, and total revenue from its operations by geographic region for the years indicated:

	As of/for the year ended 31 December,							
	2025				2024			
	No. of properties	contracted	Revenue		No. of properties	contracted	Revenue	
		GFA ⁽⁵⁾	RMB	%		GFA ⁽⁵⁾	RMB	%
(in thousands, except for numbers of properties and percentages)								
Greater Bay Area ⁽¹⁾	32	1,464	442,444	75.9	33	1,563	476,359	73.9
– Shenzhen	20	848	391,420	67.2	19	777	412,948	64.1
Yangtze River Delta ⁽²⁾	9	347	84,233	14.5	9	422	89,988	14.0
Central China region ⁽³⁾	1	–	–	–	1	–	–	–
Other regions ⁽⁴⁾	10	725	56,221	9.6	10	725	78,194	12.1
Total	52	2,536	582,898	100.0	53	2,710	644,541	100.0

Notes:

- (1) Include Shenzhen, Guangzhou, Zhongshan, Huizhou, Zhuhai, Dongguan and Maoming.
- (2) Include Shanghai, Nanjing, Changzhou, Wuxi, Jiaxing and Lu'an.
- (3) Include Wuhan.
- (4) Include Jieyang, Tianjin, Ordos, Chengdu, Rizhao, Xiamen and Jining.
- (5) Contracted GFA as of 31 December 2025 and 31 December 2024 excluded the GFA of 9 and 8 consultancy service projects, respectively.

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that commenced operation as at 31 December 2025.

Product category	As of 31 December		As of 31 December 2025 Area of shopping centers in operation ⁽²⁾ (000' sq.m.)
	Average occupancy rate ⁽¹⁾		
	2025	2024	
	%	%	
COCO Park	93.3	93.8	494
COCO City and iCO	93.7	90.7	529
Others	94.1	93.9	235
Total	93.6	92.4	1,257

⁽¹⁾ The occupancy rate is based on internal records and is calculated by dividing the actual leased area of retail commercial properties at the end of each relevant period by the available leased area. The occupancy rate is only applicable to retail commercial properties that the Group has provided tenant solicitation services, and the occupancy rate may fluctuate in different periods within a year.

⁽²⁾ The area excludes car park.

MANAGEMENT DISCUSSION AND ANALYSIS

Projects in Operation

The table below sets forth the opened retail commercial property projects of the Group as at 31 December 2025:

Commercial property	Location	Opening date (Month-Year)	Shopping Mall (sq.m.)	Car Park (sq.m.)	Total GFA in operation (sq.m.)	Operational model	Property owner
1. Shenzhen Futian Galaxy COCO Park (North) (深圳福田星河COCO Park(北區))	Shenzhen	September 2006	45,987	21,658	67,645	Entrusted management service	Galaxy Holding and its associates
2. Shenzhen Galaxy Top Living (深圳星河第三空間)	Shenzhen	May 2007	27,988	-	27,988	Entrusted management service	Galaxy Holding and its associates
3. Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park)	Shenzhen	September 2012	79,506	90,186	169,692	Entrusted management service	Galaxy Holding and its associates
4. Shenzhen Longhua Galaxy COCO City (深圳龍華星河COCO City)	Shenzhen	November 2014	45,182	123,222	168,404	Entrusted management service	Galaxy Holding and its associates
5. Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD • COCO Park)	Shenzhen	September 2018	39,721	-	39,721	Entrusted management service	Galaxy Holding and its associates
6. Shenzhen Futian Galaxy COCO Park (South) (深圳福田星河COCO Park(南區))	Shenzhen	July 2020	43,239	-	43,239	Entrusted management service	Galaxy Holding and its associates
7. Shenzhen Longhua Galaxy COCO Garden (深圳龍華星河COCO Garden)	Shenzhen	August 2020	3,618	-	3,618	Brand and management output service	Galaxy Holding and its associates
8. Shenzhen Galaxy Center (深圳星河中心)	Shenzhen	April 2008	72,605	-	72,605	Brand and management output service	Galaxy Holding and its associates
9. Shenzhen Longhua Galaxy iCO (深圳龍華星河iCO)	Shenzhen	December 2015	54,037	-	54,037	Brand and management output service	Independent Third Party property developers
10. Changzhou Galaxy International Phase III Project (常州星河國際三期項目)	Changzhou	August 2016	16,990	-	16,990	Brand and management output service	Galaxy Holding and its associates
11. Huizhou Galaxy COCO Garden (惠州星河COCO Garden)	Huizhou	September 2017	32,899	9,135	42,034	Brand and management output service	Galaxy Holding and its associates
12. Ordos Galaxy COCO City (鄂爾多斯星河COCO City)	Ordos	October 2017	81,522	-	81,522	Brand and management output service	Independent Third Party property developers
13. Shenzhen Shajing Galaxy COCO Garden (深圳沙井星河COCO Garden)	Shenzhen	August 2020	8,557	-	8,557	Brand and management output service	Independent Third Party property developers
14. Zhongshan Tianyi Galaxy COCO City (中山天奕星河COCO City)	Zhongshan	November 2020	86,938	64,790	151,728	Brand and management output service	Independent Third Party property developers
15. Dongguan Galaxy COCO Garden (東莞星河COCO Garden)	Dongguan	October 2021	10,901	-	10,901	Brand and management output service	Independent Third Party property developers
16. Guangzhou Nansha Dachong Galaxy COCO Garden (廣州南沙大涌星河COCO Garden)	Guangzhou	October 2022	18,029	-	18,029	Brand and management output service	Galaxy Holding and its associates
17. Asian Financial Center Project (亞洲金融中心項目)	Guangzhou	November 2022	31,301	938	32,239	Brand and management output service	Galaxy Holding and its associates
18. Changzhou Wujin Hutang Galaxy COCO City (常州武進湖塘星河COCO City)	Changzhou	August 2016	43,632	-	43,632	Sublease service	Galaxy Holding and its associates
19. Jiaxing Galaxy COCO City (嘉興星河COCO City)	Jiaxing	July 2022	81,504	-	81,504	Sublease service	Independent Third Party property developers
20. Commercial facilities of Shenzhen Galaxy WORLD Industrial Park (深圳星河WORLD產業園底商)	Shenzhen	April 2023	7,515	-	7,515	Brand and management output service	Galaxy Holding and its associates
21. Xiamen Galaxy COCO Park (廈門星河COCO Park)	Xiamen	May 2023	73,507	28,834	102,341	Sublease service	Independent Third Party property developers
22. Rizhao Galaxy iCO (日照星河iCO)	Rizhao	September 2023	56,611	-	56,611	Entrusted management service	Independent Third Party property developers
23. Guangzhou Nansha Galaxy COCO Park (廣州南沙星河COCO Park)	Guangzhou	December 2023	96,018	-	96,018	Entrusted management service	Galaxy Holding and its associates
24. Jiangyin Galaxy COCO City (江陰星河COCO City)	Wuxi	December 2023	51,226	-	51,226	Sublease service	Galaxy Holding and its associates
25. Guangzhou Health Port Galaxy COCO Park (廣州健康港星河COCO Park)	Guangzhou	January 2024	115,802	-	115,802	Brand and management output service	Independent Third Party property developers
26. Shanghai Pudong Galaxy COCO Garden (上海浦東星河COCO Garden)	Shanghai	May 2024	4,500	-	4,500	Brand and management output service	Galaxy Holding and its associates
27. Shenzhen Guangming Galaxy COCO City (深圳光明星河COCO City)	Shenzhen	December 2025	28,086	-	28,086	Sublease service	Independent Third Party property developers
Total			1,257,421	338,763	1,596,184		

MANAGEMENT DISCUSSION AND ANALYSIS

WORK PLAN FOR 2026

2026 marks the inaugural year of E-Star Commercial's "15th Five-Year Plan", serving as a pivotal year for the Group to build momentum, pool resources to break through challenges, and pursue progress while maintaining stability. Aligned with the theme of "Year of Lean Management," this year's core initiatives will focus on four strategic directions: digital empowerment, lean operations, unwavering commitment to safety standards, and asset value enhancement. These efforts will be comprehensively implemented across eight dimensions, striving to achieve high-quality, sustainable growth through targeted investments, scientific management, and digital-intelligence-driven approaches.

1. Deepening Asset Management Thinking to Strengthen Financial Foundations through Revenue-Driven Expenditure Control

The Group deepens asset management thinking, anchoring core objectives in project investment returns and focusing on the steady, long-term growth of NOI for commercial properties. The Group continuously advances cost reduction and efficiency improvements, strictly implementing the "revenue-driven expenditure" budget control principle. The Group dynamically optimizes cost control indicators to ensure the cost expenditure rate consistently remains below the revenue target achievement rate.

In optimizing cost structures, the Group prioritizes meeting project quality standards while enhancing cost management frameworks in a high-quality approach. Marketing expenditures are precisely controlled in phases based on market conditions. Property management costs are deepened through refined oversight, and labor efficiency is continuously improved through process optimization and resource integration, thereby strengthening profit quality.

2. Lean Management Drives Experience Upgrades, Multi-Dimensional Enhancement of Operational Efficiency

Centered on lean management, the Group focuses on core operational dimensions such as revenue per square foot, return on investment, and energy efficiency. The Group rigorously pursues key operational metrics including sales data quality, marketing precision, store opening rates, and customer satisfaction to comprehensively strengthen operational management effectiveness.

Empowering Merchants to Boost Sales: A "skill-training" merchant-empowering support system that focuses on enhancing merchants' operational capabilities is established, while each project constructs a category matrix comprising 15-25 similar brands within core categories. Utilizing the 5P model for merchandise management, the Group refines brand-specific operational systems and concentrates resources to develop 2-3 core competitive categories. Strictly controlling marketing investment precision, the Group fully implements a "targeted deployment + closed-loop review" whole-process mechanism to continuously improve marketing return on investment.

Process Reengineering and System-Wide Operational Standardization: The Group comprehensively streamlines all operational workflows based on lean management principles and redefines the responsibilities of operational department alongside tenant sourcing, marketing, and property departments. Business systems are utilized to solidify operational processes and enhance work efficiency, enabling operational staff to focus on core value creation—such as boosting merchant sales and increasing revenue through merchant retention. The Group actively introduces high-quality external resources and advanced management models, optimizing the operational management system based on the Company's actual operations to strengthen core competitiveness.

Experience Optimization and Create Differentiated Membership Services: The Group utilizes digital intelligence tools to precisely profile customers, launching exclusive cards such as Owner Family Cards (業主家人卡), Family Mini Cards (家庭Mini卡), and Park White-Collar Cards (園區白領卡). The Group implements personalized marketing campaigns tailored to individual preferences, offering premium members exclusive benefits like queue-free access and priority purchasing to create a high-quality consumer experience. Service month campaigns are continuously conducted to cultivate five core consumer-friendly scenarios and distinctive exclusive services are introduced to comprehensively enhance member loyalty and customer satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Enhancing Tenant Sourcing Efficiency and Quality to Accelerate Occupancy, Securing First-Store and First-Launch Resources

The Group comprehensively elevates tenant sourcing efficiency and quality, proactively securing first-store and first-launch resources to drive overall tenant sourcing and adjustment efforts through point-to-area development model.

Differentiated Vacancy Reduction Strategy: The Group implements targeted tenant sourcing and vacancy reduction based on project occupancy rates: for projects with occupancy rates above 95%, the Group prioritizes enhancing project operational quality and tenant sourcing and adjustment standards; for projects with occupancy rates between 90% and 95%, the Group adheres to the principle of “filling vacancies before optimization, prioritizing vacancy reduction.”; for projects with occupancy rates below 90%, the Group simultaneously advances project repositioning and vacancy reduction efforts.

Quality Enhancement and Resource Allocation: The Group maintains unwavering focus on long-term returns by advancing project adjustments, continuously driving brand revitalization, intensifying efforts to secure flagship stores and distinctive resources, and actively deploying innovative business formats. The Group also prioritizes resource allocation for key projects and those facing operational challenges, ensures stable operations for existing brands, cultivates core performance benchmark brands, and establishes a solid foundation for tenant sourcing and adjustment initiatives. Simultaneously, timely tenant renewals are guaranteed to improve tenant sourcing target achievement rates.

4. Advancing Core Asset Upgrades to Consolidate Benchmark Leadership

Focusing on core assets, the Group continuously enhances projects’ market benchmark status through precise adjustments and deepened positioning.

Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park): Prioritizing three core metrics—rental density, foot traffic density, and brand leasing density, it solidifies its position as the Greater Bay Area’s commercial benchmark. Phase I advances regional revitalization and upgrades such as Yonghui Superstores, enhancing thematic appeal and driving efficient traffic monetization. Phase II deepens community-oriented operations around the “Crossroads (十字路口)” concept, sourcing premium brands across seven directions, including local culture and trendy apparel, to achieve counter-cyclical transformation of Phase II.

Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD • COCO Park): Leveraging the grand unveiling of Phase II, it establishes the second benchmark project of E-star Commercial. Deepening the empowerment value of light travel consumption within the park, it solidifies its status as a must-visit commercial landmark. Prioritizing the introduction of industry-leading brands, it strategically positions AI-driven and new experiential specialty formats, using anchor engines to drive the renewal of its brand matrix.

Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park): It seizes development opportunities in asset securitization to accelerate project adjustments. Centering on contemporary female consumption trends, it deepens the core positioning of “she-economy (她經濟)” through brand revitalization. It also focus adjustments on key areas like Bona Cinemas and first-floor retail, supplementing emerging experiential formats while upgrading retail and dining brands.

Shenzhen Longhua Galaxy COCO City (深圳龍華星河COCO City): Designated 2026 as the proactive adjustment year, it advances all initiatives under the guiding principles of “securing performance, stabilizing adjustments, refining positioning, and strengthening operations.” Prioritizing lease renewals and replacements for the anchor supermarket tenant alongside implementing adjustments, a dedicated task force was established to coordinate project upgrades, tenant recruitment, and daily operations, ensuring a smooth operational transition.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Solidify Preparations for New Projects to Ensure Impressive Launches

The Group focuses on core tasks for new project preparation and opening to ensure smooth implementation and efficient operations of the projects. Executing grand opening preparations for Shenzhen Guangming Galaxy COCO City Building A (深圳光明星河COCO City A館), the Group creates an immersive eco-themed consumption space centered around environmentally friendly principles. The Group also steadily advances preparations and openings for Shenzhen Longgang Galaxy COCO City (深圳龍崗星河COCO City), Shenzhen Galaxy WORLD • COCO Park Phase II (深圳星河WORLD • COCO Park二期), and Nanjing Galaxy COCO City (南京星河COCO City), continuously injecting high-quality commercial growth into the Group.

6. Digital Intelligence Drives Cost Reduction and Efficiency Improvements, Achieving a Leap from Tools to Decision-Making

Centered on the full rollout of the ERP business integration system, the Group is driving management transformation from “passive monitoring” to “intelligent decision-making.”

Merchant-Side Upgrades: The Group will iterate the “Star Butler (星管家)” product structure and develop an APP application. The Group also optimizes POS system functionality to enable voice announcements for QR code payments and explore online QR code ordering features.

Management-Side Transformation: The Group will achieve full ERP system implementation across projects and introduce AI technology to enable intelligent analysis of operational data and scientific decision-making.

Data Foundation Consolidation: The Group will establish a unified data warehouse, build a visual operational reporting system, and enable AI-powered rapid data queries and intelligent alerts for key performance indicators, achieving a fundamental shift toward “data-driven intelligent decision-making.”

Organizational Empowerment: The Group will explore AI+ERP and AI+BI automation management and efficiency enhancement models, promoting best practices for digital tool implementation.

7. Expanding Projects to Seize New Opportunities and Deepen Core Regional Layout

Adhering to the principle of “focusing on deep cultivation and prioritizing quality over quantity,” the Group will make precise efforts in project expansion.

Regional Focus: The Group will deepen commercial layouts in core areas of the Greater Bay Area and Yangtze River Delta, exploring development opportunities across four project types: benchmark commercial, cultural tourism commercial, non-standard commercial, and community commercial projects.

Model Innovation: The Group will optimize partnership channels, broaden light-asset business types, and pioneer innovative collaboration models, such as multi-module combinations and full-process advisory services, to seize market development opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

8. Organizational Optimization for Synergistic Development, Activating Endogenous Growth Momentum

Centered on organizational restructuring, process optimization, and cultural leadership, the Group will activate the organization's internal vitality to promote resource sharing and business synergy across the Group.

Management Tool Upgrades: The Group will introduce OKR management tools, promote outstanding practices from the Feishu Efficiency Pioneer Competition (飛書效率先鋒大賽), and deeply explore the application value of AI technology across various business scenarios.

Talent Pipeline Development: The Group will systematically strengthen talent pipeline development and conduct targeted specialized training for core business lines.

Resource Sharing Mechanism: The Group will deepen the centralized management mechanism for major projects, establish a group-wide resource sharing platform, and advance rotational assignments for management personnel alongside bottom-tier optimization adjustments.

The Group centers on projects and solidifies the "owner-like" mindset.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2025, the Group's revenue amounted to approximately RMB582.9 million, representing a year-on-year decrease of approximately 9.6%.

The table below sets forth the breakdown of the Group's total revenue by revenue model for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Entrusted management services	377,793	64.8	426,497	66.2
Brand and management output services	73,609	12.6	95,713	14.8
Sublease services	131,496	22.6	122,331	19.0
Total	582,898	100.0	644,541	100.0

- **Entrusted management services:** For the year ended 31 December 2025, revenue from entrusted management services amounted to approximately RMB377.8 million, representing a year-on-year decrease of approximately 11.4%, accounted for approximately 64.8% of the Group's total revenue. The revenue from entrusted management service decreased primarily due to the decrease in operating income as a result of the decrease in projects.
- **Brand and management output services:** For the year ended 31 December 2025, revenue from brand and management output services amounted to approximately RMB73.6 million, representing a year-on-year decrease of approximately 23.1%, accounting for approximately 12.6% of the Group's total revenue. The decrease in revenue from brand and management output services was primarily attributable to the decrease in operating income due to the decrease in the income from pre-positioning, construction consultation and tenant sourcing services, as well as the decrease in projects, resulting from the impacts of market conditions and the real estate industry situation.
- **Sublease services:** For the year ended 31 December 2025, revenue from sublease services amounted to approximately RMB131.5 million, representing a year-on-year increase of approximately 7.5%, accounted for approximately 22.6% of the Group's total revenue. The increase in revenue from sublease services was mainly due to the increase in operating income as a result of the steady increase in operating income from sublease projects opened in recent years.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Services

For the year ended 31 December 2025, the Group's cost of services amounted to approximately RMB304.6 million, representing a year-on-year decrease of approximately 12.1%, which was primarily attributable to the decrease in the cost of services as a result of the decrease in various operating costs (such as staff costs, environmental costs and energy costs) due to the decrease in the number of entrusted management projects, as well as the cost reduction and efficiency improvement through refined operations.

Gross Profit and Gross Profit Margin

As a result of the foregoing, for the year ended 31 December 2025, the Group's gross profit amounted to approximately RMB278.3 million, representing a year-on-year decrease of approximately 6.6%.

The table below sets forth the gross profit contribution by each operational model for the Group's commercial property operational services and the respective gross profit margins for the years indicated:

	Year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Entrusted management services	205,783	54.5	220,151	51.6
Brand and management output services	54,738	74.4	68,984	72.1
Sublease services	17,747	13.5	8,771	7.2
Total/Overall	278,268	47.7	297,906	46.2

For the year ended 31 December 2025, the Group's gross profit margin amounted to approximately 47.7%, representing an increase of approximately 1.5 percentage points as compared with approximately 46.2% for the same period of 2024, primarily attributable to cost reductions and improved efficiency through refined operations, which led to a decrease in various operating costs (such as staff costs, environmental costs and energy costs), thereby driving an increase in the gross profit margin. Regarding sublease services, the gross profit margin saw a significant increase. In addition to the aforementioned factors, this was driven by a rise in operating revenue resulting from the steady growth of operating income from sublease projects opened in recent years, thereby driving an increase in the gross profit margin.

Other Income

For the year ended 31 December 2025, other income amounted to approximately RMB30.7 million, representing a year-on-year decrease of approximately 17.0%, primarily attributable to the decrease in bank interest income as a result of the decrease in average bank deposit rates.

Other Gains and Losses

For the year ended 31 December 2025, other net loss was approximately RMB3.4 million, mainly due to foreign currency exchange losses.

(Impairment losses recognised) Net reversal of impairment losses under expected credit loss model

For the year ended 31 December 2025, the Group recognised impairment losses under the expected credit loss model amounting to approximately RMB8.0 million (for the year ended 31 December 2024: impairment losses under expected credit loss model of approximately RMB1.1 million), primarily attributable to the change in the estimation of future recovery of trade receivables in light of the situation and circumstances of the projects during the reporting period.

Selling Expenses

For the year ended 31 December 2025, the Group's selling expenses amounted to approximately RMB20.8 million, representing a year-on-year decrease of approximately 21.1%, primarily due to the decrease in the number of entrusted management projects, as well as precise marketing and promotional activities to control costs effectively, which led to a decrease in selling expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB62.6 million, representing a year-on-year decrease of approximately 17.0%, primarily due to the continued optimization of its organizational structure and the enhancement of management effectiveness, resulting in a decrease in administrative expenses.

Finance Costs

The Group's finance costs represent interest expense on lease liabilities recognized pursuant to HKFRS 16 in respect of sublease projects.

For the year ended 31 December 2025, the Group's finance costs amounted to approximately RMB37.1 million, which was largely unchanged from the same period of the previous year.

Share of Result of a Joint Venture

For the year ended 31 December 2025, the Group's share of result of a joint venture was approximately nil (for the year ended 31 December 2024: loss of approximately RMB0.1 million), mainly attributable to the Group's investment in Guangzhou Kaixing Business Management Co. Ltd.

Income Tax Expenses

For the year ended 31 December 2025, the Group's income tax expenses amounted to approximately RMB38.9 million, representing a year-on-year decrease of 12.1%. This was mainly due to the decrease in profit before tax and the increase in deferred tax for the period.

Profit for the Year

For the year ended 31 December 2025, the Group's profit for the year was approximately RMB138.2 million, representing a decrease of approximately 6.8% as compared with the profit for the year of approximately RMB148.4 million for the year ended 31 December 2024. Profit attributable to the owners of the Company amounted to approximately RMB142.6 million, representing a decrease of approximately 7.7% as compared with approximately RMB154.5 million for the year ended 31 December 2024.

Trade and Other Receivables

The Group's trade and other receivables mainly consist of trade receivables arising from the operation services of commercial properties in respect of shopping centers, shopping streets and commercial complexes, rental deposits, receivables from third-party payment platforms, other tax recoverable, prepayments and others. As at 31 December 2025, excluding rental deposits, the current portion of the Group's trade and other receivables amounted to approximately RMB35.9 million, representing a year-on-year decrease of 18.4% as compared with that of approximately RMB44.0 million as at 31 December 2024, which was mainly attributable to the Group's proactive collection efforts on various receivables, resulting in a decrease in trade receivables.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors as well as related parties for the purchase of services and goods, receipts on behalf of tenants, deposits received from tenants, staff salaries payable, leasehold improvement payable and others. As at 31 December 2025, the Group's trade and other payables amounted to approximately RMB276.9 million, relatively flat as compared with approximately RMB286.3 million as at 31 December 2024.

Investment properties

The Group's investment properties mainly refer to the right-of-use assets recognised in accordance with HKFRS 16 in respect of subleased projects. As at 31 December 2025, the Group's investment properties amounted to approximately RMB797.1 million, representing a year-on-year increase of approximately 2.1% as compared with approximately RMB780.4 million as at 31 December 2024, which was primarily due to increased renovation expenditures for sublease projects and the declining depreciation of right-of-use assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Charge of assets

As at 31 December 2025, none of the assets of the Group were being charged.

Contingent liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

Liquidity and capital resources

The Group has maintained stable financial position and sufficient liquidity and bank balances. As at 31 December 2025, the Group's short-term bank deposits and cash and cash equivalents amounted to approximately RMB1,343.4 million, remained relatively unchanged as compared with that of approximately RMB1,366.5 million as at 31 December 2024. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirement and future expansion of the Group.

Bank loans and other borrowings

There are no bank loans and other borrowings of the Group as at 31 December 2025 (31 December 2024: Nil).

Gearing ratio

Gearing ratio is calculated based on total liabilities as at 31 December 2025 divided by total assets as at 31 December 2025. As at 31 December 2025, gearing ratio was approximately 44.4%, remaining relatively stable as compared with approximately 44.9% as at 31 December 2024.

Foreign exchange risk

The Group primarily operates in the PRC and its businesses are principally conducted in RMB. As at 31 December 2025, assets and liabilities denominated in currencies other than RMB were mainly cash and cash equivalents dominated in Hong Kong dollars or United States dollars. The Group did not enter into any forward exchange contract to hedge against foreign exchange risk, but the management will continue to monitor foreign exchange risk and adopt a prudent approach to reduce the foreign exchange risk.

Net Proceeds from the Listing and Over-allotment

A total of 270,640,000 ordinary shares of HK\$0.01 each in the share capital of the Company (the "**Share(s)**") were issued at HK\$3.86 per Share in connection with the listing (the "**Listing**") of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021 (the "**Listing Date**"), including the Over-allotment Option (as defined in the prospectus of the Company dated 14 January 2021 (the "**Prospectus**")), with a total net proceeds of RMB841.8 million (the "**Net Proceeds**") raised.

By using the allocations basis as stated in the Prospectus, the Group intended to use the Net Proceeds as follows: (i) approximately 55%, or approximately RMB463.0 million, for pursuing strategic acquisition of and investment in other small to mid-sized commercial property operational service providers in order to scale up its commercial property operational service business and expand its commercial property operational service portfolio (the "**Intended Acquisitions**"); (ii) approximately 20%, or approximately RMB168.4 million, for renovation of retail commercial properties under the sublease service model; (iii) approximately 10%, or approximately RMB84.2 million, for making minority equity investment in the project companies which own quality commercial properties; (iv) approximately 5%, or approximately RMB42.0 million, for upgrading internet-based and information systems to raise its management service quality, reduce labour costs and improve internal control; and approximately 10%, or approximately RMB84.2 million, for its general business purpose and working capital.

On 25 August 2022, the Board resolved to change the proposed use of the Net Proceeds in the following manner: (i) the original proposed allocation of approximately 55% of the Net Proceeds for the Intended Acquisitions will be re-allocated for lease expenses and renovation of retail commercial properties under the sublease service model; and (ii) the original proposed use of Net Proceeds for renovation of retail commercial properties under the sublease service model will be expanded to cover also lease expenses of retail commercial properties under the sublease service model (collectively, the "**Intended Renovations**"). For details, please refer to the interim results announcement of the Company dated 25 August 2022 and the 2022 interim report of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2025, a breakdown of the utilisation of Net Proceeds is as follows:

Revised use of Net Proceeds as set out in the Announcement	Approximate amount of Net Proceeds after reallocation (RMB million)	Utilised Net Proceeds		Unutilised Net Proceeds as at 31 December 2025 (RMB million)	Expected time of full utilisation
		Unutilised Net Proceeds as at 1 January 2025 (RMB million)	For the twelve months ended 31 December 2025 (RMB million)		
For lease expenses and renovation of retail commercial properties under the sublease service model	631.4	346.7	110.5	236.2	by end of 31 December 2028
To make minority investment in the project companies which own quality commercial properties	84.2	45.2	–	45.2	by end of 31 December 2028
To upgrade information technology systems to raise the Group's management service quality, reduce labor costs and improve internal control, among which:					
– to enhance intelligent operation data center, which includes real time remote onsite monitoring, tenant's business data analysis, operational early-warning and tenant mix optimization based on tenant's business data analysis	21.0	17.5	2.9	14.6	by end of 31 December 2028
– to improve customers services	21.0	14.5	1.6	12.9	by end of 31 December 2028
For general business purpose and working capital	84.2	–	–	–	
Total	841.8	423.9	115.0	308.9	

As of 31 December 2025, save as disclosed above, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilised were deposited with licensed financial institution. The unutilised Net Proceeds and the above timeline of intended utilisation will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

On 26 February 2026, the Company further announced that the Net Proceeds will only be fully utilized by the end of 31 December 2028. For further details, please refer to the announcement published on 26 February 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the total number of employees of the Group was 874 (2024: 954). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, retirement schemes, share option scheme and award of restricted share units under the restricted share unit scheme adopted by the Company on 4 November 2021.

Except for the share option scheme and award of restricted share units under the restricted share unit scheme adopted by the Company on 4 November 2021, the ultimate controlling shareholder, Mr. Huang Chu-Long adopted a share award scheme on 17 April 2023 to encourage and reward the eligible employees (including the Directors) for their contributions to the Group's results and business development. Share awards to certain employees, senior management and directors of the Group who make significant contribution to the Group were granted by Mr. Huang Chu-Long on 17 April 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Company did not have other plans for material investments or capital assets as at the date of this report.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has no significant investments held and no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended and as at 31 December 2025.

SUBSEQUENT EVENTS

After the year ended 31 December 2025 and up to the date of this report, the Group had no significant events occurred which have material impact on the Group.

DIRECTORS AND SENIOR MANAGEMENT

As of the date of this annual report, the Board consists of three executive directors of the Company (the “**Directors**”), two non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. Huang De-Lin Benny (黃德林), aged 42, was appointed as the Director on 13 September 2019 and was re-designated as the executive Director and the chairman of the Board on 20 December 2019. He is also the chairman of the nomination committee of the Company (the “**Nomination Committee**”). He is primarily responsible for the overall business development, formulation and implementation of business strategies of the Group. He is currently acting as director of certain subsidiaries of the Group. He joined the Group in October 2014 as the deputy general manager of Shenzhen Galaxy Commercial Property Group Co., Ltd.* (深圳市星河商置集團有限公司) (“**Galaxy Commercial Property Group**”), an indirect wholly-owned subsidiary of the Company, where he has been primarily responsible for assisting the day-to-day operation, as well as in charge of the investment department and corporate planning department of the Galaxy Commercial Property Group.

Prior to joining the Group, from August 2008 to September 2014, Mr. Huang De-Lin Benny worked as an assistant to general manager in Shenzhen Galaxy Suhuo Park Industrial Co., Ltd.* (深圳市星河蘇活公園實業有限公司) (“**Galaxy Suhuo Park Industrial**”), a property developer founded and controlled by Mr. Huang Chu-Long (“**Mr. Huang**”), the ultimate controlling shareholder of the Company, where he was primarily responsible for assisting the day-to-day operation of such company. Since February 2015, Mr. Huang De-Lin Benny has also been working in Galaxy Holding Group Co., Ltd.* (星河控股集團有限公司) (“**Galaxy Holding**”), a comprehensive investment group controlled by Mr. Huang, with his current position as vice president to the director and was primarily responsible for assisting in daily operation of Galaxy Holding.

Mr. Huang De-Lin Benny has been the vice chairman of Shenzhen Chaoshan Junior Chamber of Commerce (深圳市潮汕青年商會) since November 2019 and chairman since January 2024. He obtained a bachelor’s degree in business administration from York University in Canada in June 2008. He also obtained a master’s degree in enterprise management from Peking University HSBC Business School (北京大學匯豐商學院) in the People’s Republic of China (“**PRC**”) in July 2016.

Mr. Huang De-Lin Benny is a son of Mr. Huang and the brother of Mr. Huang De’An Tony, the non-executive Director.

Mr. Chen Qunsheng (陳群生) (“Mr. Chen”), aged 48, was appointed as an executive Director on 16 June 2023. He joined the Group in May 2023, and currently serves as the chief executive officer of the Company and Galaxy Commercial Property Group, mainly responsible for the overall business strategies as well as the daily operation and management of the Group. He is currently acting as director of certain subsidiaries of the Group.

Prior to joining the Group, from July 2000 to September 2017, he was employed by China Resources Land Limited, a company listed on the Stock Exchange (stock code: 1109) and its associated companies, served as a project director at The Mixc, a regional director, and responsible person of the headquarters office, with his last position as the deputy general manager of commercial property business division of China Resources Land Limited. From October 2017 to June 2020, Mr. Chen served as an executive director of Shui On China Xintiandi and the chairman of Fung Cheng Property Co., Ltd., both companies were indirect wholly-owned subsidiaries of Shui On Land Limited, a company listed on the Stock Exchange (stock code: 272). From June 2021 to April 2023, Mr. Chen was appointed as an independent non-executive director of Nayuki Holdings Limited, a company listed on the Stock Exchange (stock code: 2150).

Mr. Chen received a bachelor’s degree in economics from Wuhan University in July 2000.

* For identification purpose only.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Chaoqun (馬超群) (“Mr. Ma”), aged 43, was appointed as the executive Director on 16 June 2023. He joined the Group in May 2023, and currently serves as the chief financial officer of the Company and the general manager of the finance management center of Galaxy Commercial Property Group, an indirect wholly-owned subsidiary of the Company, mainly responsible for overseeing the financial management, investor relations and matters in relation to capital markets, legal affairs and contract management of the Group.

Prior to joining the Group, he was employed by Midea Group Co., Ltd.* (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000333) and its associated companies from July 2005 to April 2023, where his last position was general manager of the capital markets department of Midea Real Estate Group Limited* (美的置業集團有限公司), an indirect wholly-owned subsidiary of Midea Real Estate Holding Limited, a company listed on the Stock Exchange (stock code: 3990). From June 2016 to January 2021, he successively served as the chief financial officer, secretary to the board of directors, and the executive general manager of Guangdong Platinum Property Services Co., Ltd.* (廣東鉑美物業服務股份有限公司) (formerly known as Guangdong Midea Property Management Co., Ltd.* (廣東美的物業管理股份有限公司), a company delisted from the National Equities Exchange and Quotations since 11 January 2021).

Mr. Ma graduated from Shenyang University of Chemical Technology with a bachelor’s degree in accounting in July 2005. He obtained a master’s degree in business administration from South China University of Technology in June 2012. He is currently pursuing a doctoral degree in enterprise management at the Macau University of Science and Technology. Mr. Ma has obtained the qualification of fund practitioners and was awarded the board secretary certificate by the Shenzhen Stock Exchange and Shanghai Stock Exchange in August 2016 and July 2017, respectively.

* For identification purpose only.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Huang De'An Tony (黃德安), aged 44, was appointed as the non-executive Director on 20 December 2019. Mr. Huang De'An Tony is primarily responsible for providing guidance for the overall development of the Group. From February 2008 to January 2023, he has been serving in Galaxy Holding as executive vice president, where he has been primarily responsible for assisting the overall operation management of Galaxy Holding. Since January 2023, he has served in Galaxy Holding as president, fully presiding over the day-to-day operation of Galaxy Holding. He is currently acting as director of certain subsidiaries of the Group.

Mr. Huang De'An Tony obtained a bachelor's degree in architecture from Ryerson University in Canada in June 2005. He obtained a master's degree in business administration from Sun Yat-sen University (中山大學) in the PRC in December 2010. He also obtained an executive master of business administration (EMBA) degree from Cheung Kong Graduate School of Business in the PRC in September 2014.

Mr. Huang De'An Tony is a son of Mr. Huang and the brother of Mr. Huang De-Lin Benny, the executive Director.

Mr. Liu Jun (劉軍) ("Mr. Liu"), aged 52, was appointed as the non-executive Director on 14 April 2023. He is also a member of the audit committee of the Company (the "**Audit Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Liu is primarily responsible for providing guidance for the overall development of the Group. Mr. Liu joined Galaxy Holding, a wholly-owned subsidiary of a controlling shareholder of the Company in February 2021 and is serving as a vice-president and the chief financial officer.

Prior to joining Galaxy Holding, from July 1994 to June 1997, Mr. Liu worked as the head of the accounting department of China State Construction Engineering Corporation (中國建築工程總公司), a company listed on the Shanghai Stock Exchange (stock code: 601668). From June 1997 to September 2016, Mr. Liu served at China Overseas Holdings Limited and its associated companies with his last position as an executive director and assistant president of China Overseas Grand Oceans Group Limited, a company listed on the Stock Exchange (stock code: 0081), from December 2015 to September 2016. From October 2016 to July 2019, he worked as a vice president of Qian Hai Life Insurance CO., LTD. From July 2019 to March 2020, he served as a vice president of RiseSun Real Estate Development Co.,Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 002146). From March 2020 to February 2021, Mr. Liu served as a vice president of Seedland Real Estate Group Co. Ltd.

Mr. Liu obtained a bachelor's degree in accounting from the Jiangxi University of Finance and Economics in 1994 and a master's degree in business administration from the Victoria University of Switzerland in 2011. He obtained the qualification of senior accountant in November 2008.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Dr. Zhang Jinghua (張靜華博士) (“Dr. Zhang”), female, aged 53, Professor. Dr. Zhang was appointed as the independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 8 May 2024. On 18 October 2024, Dr. Zhang resigned as the chairman of the Audit Committee and was appointed as a member of the Nomination Committee. Dr. Zhang obtained her Bachelor’s Degree in International Trade and Master’s Degree in World Economy (International Finance) from Sichuan University in 1994 and 1997 respectively, her Master’s Degree in Business Economics and Policy (Finance) from Nagasaki University in Japan in 2000, and her Doctorate Degree in Economics from Lehigh University in the U.S. in 2011. Dr. Zhang currently serves as Assistant Dean of the School of Business at the Macau University of Science and Technology (MUST), where she is in charge of teaching and research in finance, corporate finance, economics and other relevant disciplines, as well as the School’s international accreditation for business education and assurance of teaching quality. Dr. Zhang is highly proficient in accounting and financial analysis. She has accumulated ample professional experience in various accounting and financial analysis courses and research work, and has authored several research papers in internationally renowned academic journals. She has served as a project co-leader of the Consultation on Health Care System Financing of the Health Bureau of the Macau SAR Government, a core member of the Expert Group of the Policy Advisory Committee of the Social Security Fund of the Macau SAR Government, a consultant for the International Business School of Shaanxi Normal University, an adjunct lecturer at the Graduate School of Eastern University in the U.S., an adjunct lecturer at the School of Business of Lehigh University in the U.S., a business manager of the Minsheng Bank of China Guangzhou Branch, and an international trade specialist for Ban-Yu Corporation of Osaka, Japan. She has also served as an expert consultant for the Investors Protection Association in Chengdu City.

Ms. Wan Hoi Lam (溫凱琳女士) (“Ms. Wan”), female, aged 37, was appointed as the independent non-executive Director and the chairman of the Audit Committee on 18 October 2024. Ms. Wan obtained a Bachelor’s Degree in Business - Accounting from Macquarie University in 2010. Ms. Wan is currently a member of CPA Australia and has approximately 14 years of experience in accounting and finance related experience. Ms. Wan is currently holding the position as the audit director in AOGB CPA, a professional accounting firm. From 2010 to 2021, Ms. Wan worked in Deloitte Touche Tohmatsu, with her last position as a senior audit manager. She has extensive experience in IPOs, mergers and acquisitions and financial statements audit in property management, property development, trading and manufacturing industries.

Mr. Guo Zengli (郭增利) (“Mr. Guo”), aged 56, was appointed as the independent non-executive Director on 21 December 2020. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Guo is primarily responsible for providing independent advice on the operations and management to the Board.

From July 1992 to March 1994, Mr. Guo worked at Chinese Academy of business scientific. From March 1994 to March 2001, Mr. Guo worked at Ministry of Internal Trade of the PRC (中華人民共和國國內貿易部) with his last position as a commissioner of commercial development center management department. From April 2001 to April 2008, Mr. Guo worked as a general manager in Beijing Xundian Technology Co., Ltd. (北京訊典科技有限公司), where he was primarily responsible for the industry research of the shopping center websites. Since April 2008, Mr. Guo has worked as a general manager in Beijing Mall China Information Technology Co., Ltd. (北京中購聯信息技術有限公司), a shopping center industry service company, where he is primarily responsible for the overall management and operation of such company.

Mr. Guo obtained an associate’s degree in economics management from Beijing Youth Politics College (北京青年政治學院) in July 1992. He also obtained a master’s degree in economics from Party School of the Central Committee of the Communist Party of China (中共中央黨校) in the PRC in July 2002. He obtained the qualification certificate of speciality in intermediate commercial economic management granted by MOHRSS. Currently, he is a vice president of China Shopping Center Development Association of Mall China and a vice president of China Federation of Urban Commercial Outlets Construction Administration (中國城市商業網點建設管理聯合會).

Other than as disclosed above, there are no other relationships (including financial, business, family, or other material or relevant relationships) among the members of the Board.

As at the date of this annual report, Mr. Huang De’An Tony, a non-executive Director, is a director of Go Star and Virtue Investment; and Mr. Huang De-Lin Benny, an executive Director, is a director of Virtue Investment. Save as above, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed herein, there have been no other changes in the information of the Directors since the date of the Company's interim report for the year 2025 that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, as confirmed by the Company's specific enquiries and the Directors.

SENIOR MANAGEMENT

Mr. Lan Yong (蘭勇) ("Mr. Lan"), aged 48, joined the Group in January 2021 and currently serves as an assistant president and the general manager of the product management center, is in charge of the product management center.

Prior to joining the Group, from June 2002 to June 2006, Mr. Lan served as a project architect at Dalian Architectural Design Institute of Dalian Municipal Land Resources and Housing Bureau (大連市國土資源局), responsible for project design management. From July 2006 to January 2021, Mr. Lan served as the deputy director of the chief engineer office of Wanda Commercial Planning Institute (萬達集團商業規劃院), the head of Wanda Cinema Design Department (萬達院線設計部), the general manager of technical management department of Wanda Hotel Design Institute (萬達酒店設計院), the director of the building office of Wanda Commercial Planning Institute, the director of cultural tourism building office of Cultural Tourism Planning Institute (文旅規劃院) of Wanda Cultural Tourism Group (萬達文旅集團), the deputy general director of the general health and wellness department and the head of the design team of Wanda Medical Industry Group (萬達醫療產業集團), the executive deputy general manager of the design department, the deputy general manager of the Commercial Planning Center and general manager of the design department of Wanda Commercial Management Group (萬達商業管理集團).

Mr. Lan obtained a five-year bachelor's degree in architecture from Huazhong University of Science and Technology (華中科技大學) in July 2002.

Mr. Yu Nan (于楠) ("Mr. Yu"), aged 44, joined the Group in February 2023 and currently serves as the assistant president and general manager of large projects of the Company and Galaxy Commercial Property, mainly responsible for the overall day-to-day operation and management of the project of Shenzhen Futian Galaxy COCO Park.

Prior to joining the Group, he was employed by China Resources Land Limited, a company listed on the Stock Exchange (stock code: 1109) and its associated companies from September 2006 to September 2018, with his last position as the general manager of the Shenzhen Mixc World project. From September 2018 to November 2020, Mr. Yu was the general manager of Shenzhen Xianyu Restaurant Management Co., Ltd. (深圳市鮮語餐飲管理有限公司(GAGA鮮語)). From May 2021 to August 2022, Mr. Yu served as the vice president of Kaisa Commerce Group Co., Ltd. (佳兆業商業集團有限公司).

Mr. Yu obtained a bachelor's degree in engineering in civil engineering from Tsinghua University in July 2004 and a master's degree in construction management from Tsinghua University in July 2006 respectively.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence in the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. During the year ended 31 December 2025, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CULTURES AND VALUES

The Company's vision is to become a leader in China's commercial operation management industry and an asset operator integrating the entire commercial real estate value chain.

The Company's core values include (i) pursuit of excellence: building a professional operation management team with a focus on effective business management and striving for product excellence; (ii) enduring value: enhancing sustainable profitability, maintaining and enhancing lasting asset value and human capital value; and (iii) win-win strategy: establishing a service-oriented, multi-win, long-term, sustainable development partnership.

On a mission to "build prosperous cities with business acumen", the Group is forward-looking, decisive, aggressive and creative with a high starting point, and will focus on the business opportunities and development concerned by customers, provide competitive products and services and continue to create outstanding value for consumers, partners, and shareholders.

To achieve our vision and mission, the Company focuses its efforts on several strategic areas. Further details regarding our strategic priorities can be found in the "Chairman's Statement" section of this annual report.

For the year ended 31 December 2025, the Board conducted regular reviews of the Company's strategic priorities. The Company ensures that employees fully understand the Company's vision, strategy, activities, and performance through various channels, including company-wide meetings, regular management meetings, departmental meetings, and internal communications via the intranet.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the year ended 31 December 2025.

The Company's relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is committed to the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. During 2025 and as at the date of this annual report, the Board has maintained a balanced mix of executive Directors and non-executive Directors (including independent non-executive Directors), and the Board is highly independent and effective in making independent decisions.

A list of Board members, along with their roles and responsibilities, is available on the Company's website and the Stock Exchange's website. Our Board members come from diverse business and professional backgrounds, and they contribute their valuable experience to the Board to serve the best interests of the Company and its shareholders. As of the date of this annual report, the Board consists of eight members whose expertise and experience span the fields of real estate and commercial property operations and management, administrative leadership and strategy, accounting, auditing, regulatory affairs, compliance, and risk management. Together, they are responsible for the overall management and supervision of the Group's affairs.

BOARD SKILLS AND EXPERTISE

	Administrative Leadership and Strategy/ Other Listed Company Roles	Relevant Industry/ Market Experience	Legal/Regulatory and Compliance/ Risk Management	Accounting/ Financial Management Expertise
Executive Directors				
Huang De-Lin Benny	✓	✓	✓	
Chen Qunsheng	✓	✓	✓	
Ma Chaoqun	✓	✓	✓	✓
Non-executive Directors				
Huang De'An Tony	✓	✓	✓	
Liu Jun	✓	✓	✓	✓
Independent non-executive Directors				
Zhang Jinghua	✓	✓	✓	
Wan Hoi Lam	✓	✓	✓	✓
Guo Zengli	✓	✓	✓	

Notes:

Skills and Expertise	Description
Administrative Leadership and Strategy/Other Listed Company Roles	<ul style="list-style-type: none"> Experience in senior management; and the ability to set strategic objectives, ask constructive questions regarding business plans, carefully assess strategic opportunities and risks/threats, and formulate and implement effective strategies in accordance with the Company's relevant policies and strategic objectives regarding material matters Serving as a director or senior executive at other publicly listed companies
Relevant Industry/Market Experience	<ul style="list-style-type: none"> Experience in the real estate and commercial property operations and management industry: Assisting in the review of the Company's business operations, financial management, and investment projects
Legal/Regulatory and Compliance/ Risk Management	<ul style="list-style-type: none"> Legal qualifications or experience in regulatory policies, laws, or regulatory compliance matters Experience in identifying the Company's key risks and monitoring the effectiveness of risk management frameworks and practices
Accounting/Financial Management Expertise	<ul style="list-style-type: none"> Expertise in accounting/financial management, including but not limited to experience with internal controls and/or the preparation or audit of financial statements; or experience reviewing or analyzing financial statements to assess financial viability and performance, or overseeing budgets or funding arrangements

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of Part 2 the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Under the current organisation structure of the Company, Mr. Huang De-Lin Benny is the chairman of the Board and Mr. Chen Qunsheng is the chief executive officer of the Company.

Mr. Huang De-Lin Benny is primarily responsible for leading the Board and monitors Board effectiveness. Mr. Chen Qunsheng is mainly responsible for developing the overall business strategies for Board's approval and implement strategies agreed by the Board as well as the daily operation and management of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising from the performance of their duties. The insurance coverage will be reviewed on an annual basis. During the year ended 31 December 2025, there were no claims brought against the Directors and senior management of the Company.

BOARD MEETINGS AND COMMITTEE MEETINGS

Code provision C.5.1 of Part 2 the CG Code stipulates that Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

The Board held five meetings during the year ended 31 December 2025. A summary of the attendance record of the Directors by himself/herself at Board meetings and committee meetings is set out below:

**Number of meeting(s) attended/number of meeting(s) held
for the year ended 31 December 2025
during the Director's tenure**

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. Huang De-Lin Benny (<i>Chairman</i>)	5/5	N/A	N/A	1/1
Mr. Chen Qunsheng	5/5	N/A	N/A	N/A
Mr. Ma Chaoqun	5/5	N/A	N/A	N/A
Non-executive Directors				
Mr. Huang De'An Tony	5/5	N/A	N/A	N/A
Mr. Liu Jun	5/5	2/2	1/1	N/A
Independent non-executive Directors				
Mr. Guo Zengli	5/5	2/2	1/1	1/1
Dr. Zhang Jinghua	5/5	N/A	1/1	1/1
Ms. Wan Hoi Lam	5/5	2/2	N/A	N/A

CORPORATE GOVERNANCE REPORT

GENERAL MEETING

During the year ended 31 December 2025, two general meetings were held.

A summary of the attendance record of the Directors by himself/herself at general meeting is set out in the following table below:

Name of Directors	Number of general meeting(s) attended/number of general meeting(s) held for the year ended 31 December 2025 during the Director's tenure
Executive Directors	
Mr. Huang De-Lin Benny (<i>Chairman</i>)	2/2
Mr. Chen Qunsheng	2/2
Mr. Ma Chaoqun	2/2
Non-executive Directors	
Mr. Huang De'An Tony	2/2
Mr. Liu Jun	2/2
Independent non-executive Directors	
Mr. Guo Zengli	2/2
Dr. Zhang Jinghua	2/2
Ms. Wan Hoi Lam	2/2

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of 3 years with effect from the Listing Date or the effective date of appointment, renewable for another 3 years upon expiry.

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of 3 years with effect from the Listing Date or the effective date of appointment, renewable for another 3 years upon expiry.

All the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company. Pursuant to the memorandum and articles of association of the Company (the "**Articles of Association**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting of the Company, provided that every Director is subject to retirement by rotation at least once every 3 years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively to safeguard in the interests of the Company and its shareholders (the "**Shareholders**"). 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. Before entering into any significant transactions or commitments on behalf of the Company, senior management should obtain prior approval and authorization from the Board.

All Directors, including 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.

The Board has also established mechanisms to ensure independent views are available to the Board, including providing the Directors with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting. The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis. During the year ended 31 December 2025, the Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board.

BOARD EVALUATION

The Board recognizes that regular evaluation of the Board's performance is essential to sound corporate governance and the Board's effectiveness.

The evaluation of the Board's performance for 2025 will be conducted during 2026; therefore, no evaluation of the Board was conducted during the current year.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee include, but not limited to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises two independent non-executive Directors, namely Ms. Wan Hoi Lam and Mr. Guo Zengli and one non-executive director, namely Mr. Liu Jun. Ms. Wan Hoi Lam is the chairman of the Audit Committee.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2025, the Audit Committee held two meetings during the year to review the Group's policies on corporate governance and discussed the same with the Board, to review the Company's financial reporting system, compliance procedures, internal control and risk management systems (including but not limited to, operation, tenant sourcing, procurement and cost, financial control and risk management) and associated processes, and discussed the reappointment of the external auditor. The Audit Committee also reviewed the annual results announcement and annual report of the Company for the year ended 31 December 2024 and the interim results announcement and the interim report of the Company for the six months ended 30 June 2025.

During the year ended 31 December 2025, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

Remuneration Committee

The Company established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to the Board on the policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Guo Zengli and Dr. Zhang Jinghua and one non-executive Director, namely Mr. Liu Jun. Mr. Guo Zengli is the chairman of the Remuneration Committee.

For the year ended 31 December 2025, the Remuneration Committee held one meeting during the year to discuss and review the remuneration policy for the Directors and senior management of the Company, to assess performance of the executive Directors, and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Details of the remuneration payable to each Director for the year ended 31 December 2025 are set out in Note 11 to the Consolidated Financial Statements.

The remuneration of the members of senior management (including those who are also executive Directors) by band for the year ended 31 December 2025 is set out below:

Remuneration bands (HKD)	Number of persons
Under 1,000,000	1
1,500,001 to 2,000,000	2
2,000,001 to 2,500,000	1
4,000,001 to 4,500,000	1
Total	5

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Company has established the Nomination Committee in compliance with the CG Code. The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of the Board on a regular basis, assist the Board in maintaining a board skills matrix and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assess the independence of the independent non-executive Directors; (iv) make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors and support the Company's regular evaluation of the Board's performance.

The Nomination Committee comprises one executive Director, namely Mr. Huang De-Lin Benny, and two independent non-executive Directors, namely Mr. Guo Zengli and Dr. Zhang Jinghua. Mr. Huang De-Lin Benny is the chairman of the Nomination Committee.

For the year ended 31 December 2025, the Nomination Committee held one meeting during the year to review and discuss the policy, procedures and criteria for nomination of the Directors, review and discuss the Board diversity policy and to discuss all measurable objectives set for implementing the policy and the progress made towards meeting the measurable objective in the policy, assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, and reviewed the time commitment required from the Directors.

The Directors of the Company (particularly the non-executive Directors) are fully committed to the affairs of the Board and understand that they are expected to dedicate sufficient time to Board matters. The Directors have made certain confirmations and disclosed their other commitments.

- **Sufficient time and attention:** The Directors have confirmed that they devoted sufficient time and attention to the Company's affairs during the year.
- **Other duties and commitments:** Each year, the Directors disclose to the Company the number, identity, and nature of their duties in public companies and organizations listed in Hong Kong or overseas, as well as other material commitments, and provide details regarding the time involved in performing such duties.
- **Other directorship:** As of 31 December 2025, no individual Director served as a director of more than five companies listed on the Hong Kong Stock Exchange (including the Company). Executive Directors do not serve as directors of any other public companies; however, the Group encourages executive Directors to participate in professional organizations and charitable groups, as well as to hold public office.

The biographical details of the Directors are set out in the "Directors and Senior Management" section of this annual report.

Nomination Policy

The Company has adopted a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and procedures to nominate board candidates. The Nomination Policy aims to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including, but not limited to, reputation for integrity, accomplishment and experience, commitment in respect of available time and attention on relevant matters, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

The Nomination Committee will review the Nomination Policy, as appropriate, and recommend revision to the Board for consideration and approval.

CORPORATE GOVERNANCE REPORT

Dividend Policy

The Company has adopted a dividend policy (the “**Dividend Policy**”) which aims to increase or maintain the value of dividends per share of the Company, to provide reasonable return in investment of investors, and to allow Shareholders to assess its dividend payout trend and intention. Details regarding the dividend policy are available on the Company’s website.

Pursuant to the Dividend Policy, any declaration and payment as well as the amount of dividends will be subject to the Company’s constitutional documents and the relevant laws. The Board intends to recommend at the relevant Shareholders’ meetings an annual dividend of no less than 30% of the profits available for distribution generated in each financial year beginning from the year ended 31 December 2020. The recommendation of the payment of dividend is subject to the absolute discretion of the Board, and any declaration of final dividend for the year will be subject to the approval of the Shareholders.

The Board recommends payment of a final dividend of HK8.5 cents per ordinary share for the year ended 31 December 2025, taking into account the interim dividend of HK5.0 cents per ordinary share declared and paid in respect of the six months ended 30 June 2025, the total dividends paid/payable for the year ended 2025 is HK13.5 cents per ordinary share, representing a full year payout ratio of approximately 87%. These decisions made by the Board were made in accordance with the Dividend Policy to ensure returns for the Shareholders.

The Board will continue to review and amend the Dividend Policy as appropriate and from time to time.

Diversity Policy

The Company is committed to developing a positive, diverse and inclusive culture that is anchored by its purpose, vision and values.

The Company has adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company recognizes the benefits of having a diversified Board.

The Company has adopted the Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

As at 31 December 2025, the Board comprised of 8 members, including 2 female Directors. The Board considered that the composition of the Board satisfied the Diversity Policy for the year 2025. The Board will continue to take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. Going forward and with a view to developing a pipeline of potential successors to the Board that meets the gender diversity ratio target of having at least one female seat on the Board, the Company will (i) continue to make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to the Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or Board so that the Board will have a pipeline of female senior management and potential successors to the Board in a few years’ time. The Board targeted to keep the current level of at least 10% female representative in the Board. Nevertheless, the Nomination Committee will use its best efforts to identify and recommend female candidates to the Board for consideration for appointment as Directors from time to time.

The Nomination Committee will review the Diversity Policy from time to time, at least on annual basis, to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

To achieve diversity at workforce level (including senior management), the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered and ensure that gender diversity is taken into account when recruiting staff members of mid to senior level. 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.

During the year ended 31 December 2025, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

As at 31 December 2025, the Group's senior management members (for this purpose, senior management includes the Company's Executive Directors) are males. The ratio of men to women among the Group's entire workforce (excluding senior management) is 63:37. The Directors are of the opinion that gender diversity has been achieved on workforce level with reference to the current circumstances of the Company.

CORPORATE GOVERNANCE FUNCTION

The Board has delegated the functions set out in code provision A.2.1 of Part 2 the CG Code to the Audit Committee.

The Audit Committee would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, review and monitor the code of conduct and compliance manual applicable to employees and directors and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

During the year ended 31 December 2025, the Audit Committee had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The basis upon which the Company generates or maintains value over long term and the strategy for delivering its objectives are explained in the section headed "Management Discussion and Analysis" in this annual report.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of the responsibilities as a Director and of the conduct, business activities and development of the Company.

For all newly appointed Directors, the Company would arrange a comprehensive, formal and tailored induction session on his/her appointment to ensure he/she would have a proper understanding of the Company's businesses and operations as well as his/her responsibilities under relevant statutes, laws, rules and regulations as a director of a listed company.

The Company acknowledges the importance of directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed. For the year ended 31 December 2025, relevant internally-facilitated briefings for the Directors have been arranged and reading material on relevant topics has been issued to the Directors where appropriate. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are provided with regular updates on the Company's performance, position and prospects to enable each Director to discharge their duties.

CORPORATE GOVERNANCE REPORT

The following table sets out the training details for each Director:

	Attendance at company meetings or events ¹	Attendance at external training sessions ²	Self-directed learning ³	Total training hours
Directors				
	37.50	1.00	4.50	43.00
Huang De-Lin Benny	(a)(b)(c)(d)(e)	(c)	(c)(d)(e)	–
	37.50	1.00	37.50	76.00
Chen Qunsheng	(a)(b)(c)(d)(e)	(c)	(b)(c)(d)(e)	–
	37.50	1.00	8.50	47.00
Ma Chaoqun	(a)(b)(c)(d)(e)	(c)	(b)(c)(d)(e)	–
	8.00	1.00	4.50	13.50
Huang De'An Tony	(a)(b)(c)(d)(e)	(c)	(c)(d)(e)	–
	9.00	1.00	4.50	14.50
Liu Jun	(a)(b)(c)(d)(e)	(c)	(c)(d)(e)	–
	4.00	1.00	19.50	24.50
Zhang Jinghua	(a)(b)(d)	(c)	(b)(c)(d)(e)	–
	4.00	1.00	19.50	24.50
Wan Hoi Lam	(a)(b)(d)	(c)	(c)(d)(e)	–
	4.00	1.00	1.50	6.50
Guo Zengli	(a)(b)(d)	(c)	(c)(d)(e)	–

Topics:

- (a) The roles, functions, and responsibilities of the Board, its committees, and Directors, as well as Board effectiveness
- (b) The Company's obligations and Directors' duties under Hong Kong law and the Listing Rules, as well as significant legal and regulatory developments
- (c) Corporate governance and ESG matters
- (d) Risk management and internal controls
- (e) Recent developments regarding industry trends, business trends, and strategies relevant to the Group

Notes:

1. Includes participation in meetings, lectures, seminars, and events organized by the Group on topics related to corporate strategy, business operations, and governance
2. Includes attending expert briefings, seminars, lectures, and meetings organized by professional bodies, industry associations, the business community, or other external organizations or entities regarding the Group's businesses or directors' duties, Hong Kong law, and the Listing Rules
3. Includes self-study or research (such as reading research reports, journals, and other self-study materials)

CORPORATE GOVERNANCE REPORT

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants and Registered Public Interest Entity Auditors, Hong Kong as the external auditor for the year ended 31 December 2025. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the section headed "Independent Auditor's Report" of this annual report. The non-audit services provided by the Auditor mainly include professional services on interim review of financial statement, assurance service rendered in connection with continuing connected transactions and advisory on environmental, social and governance reporting requirements.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Deloitte Touche Tohmatsu for the year ended 31 December 2025 are set out in the table below:

Services rendered	(RMB'000)
Auditor of the Company	1,120
Non-audit matters	409
	1,529

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the Company's risk management and internal control systems and reviewing their effectiveness at least annually. The Audit Committee, on behalf of the Board, regularly reviews the scope and quality of the risk management framework and effectiveness of the internal control systems. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defense, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within an acceptable range and that the first line of defense is effective. As the final line of defense, the internal audit function (either in-house or outsourced) assists the Audit Committee to review the first and second lines of defense.

The Audit Committee and management together monitor the implementation of the risk management policies (the "**Risk Management Policies**") on an ongoing basis to ensure the policies and implementation are effective and sufficient. The Group is committed to the identification, evaluation and management of significant risks including operation, tenant sourcing, procurement and cost, financial control and risk management through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Company's management, under the supervision of the Board or a committee of the Board, takes reasonable steps to (i) monitor compliance with the Risk Management Policies, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Risk Management Policies.

The Group has engaged an independent internal audit consultant as an internal audit function to assist the Board and the Audit Committee in identifying and monitoring the Group's risks and internal control issues and recommend proposals for improvement. Significant risk management and internal control deficiencies will be reported to the Audit Committee and the Board on a timely basis to ensure prompt remedial actions are taken. Management and staff will execute the agreed remedial actions to mitigate the significant risk identified and to resolve material internal control defects. The internal control function will also conduct follow-up reviews regarding the implementation of the remedial actions for the correction of the internal control defects.

CORPORATE GOVERNANCE REPORT

Through the Audit Committee, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Company in respect of the year ended 31 December 2025 covering all material controls, including financial, operational and compliance control. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions on an annual basis. No significant control failings or weaknesses had been identified during the reporting period. The Board considers that the existing risk management and internal control systems are appropriate and effective in achieving the objectives set forth in Principle D2 of the Corporate Governance Code.

The Company also maintains strict anti-corruption policies to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group, which applies to all employees and related third parties who deal with the Group. The Company has a whistle-blowing policy that serves the purpose of establishing whistle-blowing procedures for its employees and other relevant external parties, in order to report and escalate any suspicious misconducts. In accordance with the policy, all whistle-blowers are protected from any kind of retaliation. All the information provided by the whistle-blowers will be kept strictly confidential.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct an internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

COMPANY SECRETARY

The company secretary of the Company (the "**Company Secretary**") provides advice and services to the Board in relation to the compliance with all the Board procedures and all applicable rules and regulations. The Company Secretary notifies the Board of rule amendments and updates in respect of corporate governance practices to assist the Directors to fulfill their responsibilities.

The Company Secretary has sufficient relevant professional training during the year ended 31 December 2025 as required under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of EGM by Shareholders

Pursuant to article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**"). General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitioner(s).

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitioner(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

CORPORATE GOVERNANCE REPORT

Putting forward proposals at Shareholders' meetings

There are no provisions in the Articles of Association for the Shareholders to put forward proposals at general meetings. Shareholders who wish to put forward proposals may request the Company to convene an EGM in accordance with the procedures set out in the above paragraph headed "Convening of EGM by Shareholders".

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1704, 17/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong
E-mail address: info@chnagalaxy.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and the Company has established various communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conference. To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries. Shareholders may also make enquires with the Company through other channels mentioned above, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make responses to the shareholders as soon as possible. In addition, the Company updates its website from time to time to keep the Shareholders updated of the recent development of the Company. The Company considers the implementation of the Shareholders' communication policy during 2025 was effective.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Articles of Association has not been amended and restated during the year ended 31 December 2025. The up-to-date version of the Articles of Association is available on the respective website of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

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

DIRECTORS

The Directors who held office during the year ended 31 December 2025 and up to the date of this annual report are:

Biographical details of the Directors and senior management of the Company are set out in the section headed “Directors and Senior Management” on pages 26 to 30 of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company’s major subsidiaries are set out in Note 32 to the consolidated financial statements in this annual report.

Analysis of the principal activities of the Group during the year ended 31 December 2025 is set out in the section headed “Management Discussion and Analysis” of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group including an analysis of the Group’s financial performance and an indication of likely future developments in the Group’s business is set out in the section headed “Management Discussion and Analysis” of this annual report. These discussions form part of the Report of the Directors. The Group’s key relationship with its stakeholders (including employees, customers and suppliers) who have a significant impact on the Group and on which the Group’s success depends, is set out in this annual report. Events affecting the Group that have occurred since the end of the financial year ended 31 December 2025 are set out in the section headed “Important Events After The Reporting Period” in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group:

- Adverse changes in China’s economic conditions
- Increased operating costs or marketing expenses due to a prolonged macroeconomic downturn
- Fierce business competition and an expansion of market share by other competitors
- Risks to the China’s commercial property market posed by the rapid growth of the e-commerce sector in China
- Insufficient tenant stability may lead to a decline in rental income, increased management costs, and impacts on consumer shopping experience
- Inability to successfully recover costs incurred from managing commercial properties under the sublease service model
- The demands placed on the Company’s management capabilities due to the rapid expansion of sublease services
- Risks arising from any malfunctions, deficiencies, or interruptions in digital platforms and information technology systems

The above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

We tried to manage and mitigate the aforementioned risks by (i) adhering to the Group’s long-term strategy to become a leader in China’s commercial operation management industry and an asset operator integrating the entire commercial real estate value chain; (ii) actively sourcing new clients as well as maintaining a stable relationship with existing clients leveraging the Group’s experience, resources and expertise; and (iii) keeping abreast of the latest developments in commercial operation management industry so as to adapt to the ever-changing market.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operating 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 which will be available on the websites of the Company and the Stock Exchange.

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.

HUMAN RESOURCES AND REMUNERATION POLICY

The Group believes that the expertise, experience and professional development of the employees contribute to the growth of the Group. The human resources department of the Group manages, trains and hires employees. As at 31 December 2025, the Group had 874 (2024: 954) employees.

The Group encourages gender diversity across its workplace. To achieve diversity at workforce level (including senior management), 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. As at 31 December 2025, the Company has a ratio of 63:37 males to females across its workforce. The Group is committed to achieve diversity at workforce level. It has 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.

Employees and Directors are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries including medical scheme, insurance coverage, retirement schemes, share option scheme and award of restricted share units under the restricted share unit scheme adopted by the Company on 4 November 2021. The total remuneration expenses, for the year ended 31 December 2025 were RMB196.3 million, representing a decrease of 14.4% as compared to the previous year. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance.

RETIREMENT BENEFIT SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. There are no provisions under the scheme whereby forfeited contributions may be used to reduce existing level of contributions. 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.

The Group also operates pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. There are no provisions under the scheme whereby forfeited contributions may be used to reduce the existing level of contributions.

The Group's contributions to the defined contribution retirement schemes (as set out in Note 10 to the consolidated financial statements in this annual report) are recognised as an expense when employees have rendered services entitling them to the contributions.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions of the Group for the year ended 31 December 2025, which are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Tenant Management Services

On 17 October 2022, the Company entered into a new tenant management services framework agreement (the “**Tenant Management Services Framework Agreement**”) with Mr. Huang, pursuant to which the Group agreed to provide (i) operational management services, including but not limited to commercial property operational management and property management services to stores and cinemas owned or operated by associates of Mr. Huang (“**Mr. Huang’s Companies**”) and located in the shopping centers managed by the Group; and (ii) management services in respect of common area of shopping centers managed by the Group to Mr. Huang’s Companies for marketing and promotion activities (the “**Tenant Management Services**”). In addition, Mr. Huang’s Companies will pay rental to the Group for the leasing of stores located at the sublease projects of the Group (the “**Rental Income**”). The Tenant Management Services Framework Agreement has a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 17 October 2022 and the circular of the Company dated 28 November 2022.

The maximum annual amounts of service fee payable by Mr. Huang’s Companies in relation to the Tenant Management Services for the year ended 31 December 2025 shall not exceed RMB40.1 million. The annual fee paid/payable by Mr. Huang’s Companies in relation to the Tenant Management Services for the year ended 31 December 2025 was RMB16.2 million, which is within the aforesaid annual cap.

The annual caps under the Tenant Management Services Framework Agreement for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Tenant Management Services	24,300	28,700	33,800
Rental Income	1,500	4,800	6,300
Total	25,800	33,500	40,100

2. Commercial Property Operational Services

On 17 October 2022, the Company entered into a new commercial property operational services framework agreement (the “**Commercial Property Operational Services Framework Agreement**”) with Mr. Huang, pursuant to which the Group agreed to provide to Mr. Huang’s Companies commercial property operational services with respect to shopping centers and commercial complexes owned by Mr. Huang’s Companies, including but not limited to (i) site selection consultancy, land sourcing assistance, construction consultancy, positioning, design and tenant sourcing services prior to the opening of such properties; (ii) operational management services after the opening of such properties; and (iii) licensing the Group’s trademarks which will be used in the commercial properties managed by the Group with a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 17 October 2022 and the circular of the Company dated 28 November 2022.

The maximum annual fee payable by Mr. Huang’s Companies under the Commercial Property Operational Services Framework Agreement for the year ended 31 December 2025 shall not exceed RMB350.4 million. The annual fee paid/payable by Mr. Huang’s Company under the Commercial Property Operational Services Framework Agreement for the year ended 31 December 2025 was RMB118.7 million, which is within the aforesaid annual cap.

REPORT OF THE DIRECTORS

The annual caps under the Commercial Property Operational Services Framework Agreement for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Positioning, design, tenant sourcing and consultancy services	112,100	128,600	164,900
Operational management services	116,500	153,100	185,500
Total	228,600	281,700	350,400

3. Master Services Procurement

On 17 October 2022, the Company and Mr. Huang entered into a new master services procurement agreement (the “**Master Services Procurement Agreement**”), pursuant to which the Group shall engage Mr. Huang’s Companies to provide services, including but not limited to (i) catering and accommodation (including hotel or housing) services; and (ii) car rental services for employees or clients of the Group. In addition, the Group will lease certain premises from Mr. Huang’s Companies for office use (the “**Office Leasing**”), all of which are expected to be short-term leases within one year. The Master Services Procurement Agreement has a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 17 October 2022.

The maximum annual caps of service fee payable by the Group in relation to the master services procurement for the year ended 31 December 2025 shall not exceed RMB17.0 million. The annual fee paid/payable by the Group in relation to the master services procurement for the year ended 31 December 2025 was RMB7.2 million, which is within the aforesaid annual cap.

The annual caps under the Master Services Procurement Agreement for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Catering, accommodation and car rental services	4,600	6,000	7,700
Office Leasing and related expenses	7,400	8,200	9,300
Total	12,000	14,200	17,000

REPORT OF THE DIRECTORS

4. Sales Referral Services

On 17 October 2022, the Company entered into a sales referral services framework agreement (the “**Sales Referral Services Framework Agreement**”) with Mr. Huang, pursuant to which the Group shall provide sales referral services to Mr. Huang’s Companies in respect of properties owned by Mr. Huang’s Companies such as stores, office buildings and/or residential properties (the “**Sales Referral Services**”) which allows the Group to earn revenue by leveraging on its accumulated commercial market information, quality customer resources and other commercial strengths to promote the sale of properties of Mr. Huang’s Companies. The Sales Referral Services Framework Agreement has a term commencing from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 17 October 2022.

The maximum annual caps of the fee receivable by the Group from Mr. Huang in relation to the Sales Referral Services for the year ended 31 December 2025 shall not exceed RMB27.3 million. The annual fee received/receivable by the Group from Mr. Huang in relation to the Sales Referral Services for the year ended 31 December 2025 was nil, which is within the aforesaid annual cap.

The annual caps under the Sales Referral Services Framework Agreement for the three years ending 31 December 2025 are as follows:

	For the year ending 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Sales Referral Services	19,000	22,700	27,300

5. Sublease Services

On 17 October 2022, the Company and Mr. Huang entered into a new sublease framework agreement (the “**Sublease Framework Agreement**”), pursuant to which the Group shall lease shopping centers and commercial complexes owned by Mr. Huang’s Companies and thus pay rental fees to Mr. Huang’s Companies (the “**Sublease Rental**”). In addition, for all new sublease agreements to be entered into with Mr. Huang’s Companies pursuant to the Sublease Framework Agreement, the Group aims to negotiate for a profit compensation clause, i.e. in the event the profit derived falls below the agreed level, Mr. Huang’s Companies shall compensate the shortfall to the Company (the “**Profit Compensation**”). The new Sublease Framework Agreement has a term commencing from 1 January 2023 to 31 December 2025.

For details, please refer to the announcement of the Company dated 17 October 2022 and the circular of the Company dated 28 November 2022.

The maximum annual caps of the Sublease Rental payable by the Group to Mr. Huang in relation to the sublease services for the year ended 31 December 2025 shall not exceed RMB107.1 million. The annual fee of the Sublease Rental paid/payable by the Group to Mr. Huang in relation to the sublease services for the year ended 31 December 2025 was RMB3.1 million, which is within the aforesaid annual cap. In addition, the maximum annual caps of the Profit Compensation receivable by the Group in relation to the sublease services shall not exceed RMB84.9 million. The annual fee of the Profit Compensation received/receivable by the Group in relation to the sublease services for the year ended 31 December 2025 was RMB13.7 million, which is within the aforesaid annual cap.

REPORT OF THE DIRECTORS

The annual caps under the Sublease Framework Agreement for the three years ending 31 December 2025 are as follows:

	For the year ending 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Sublease Rental to be paid to			
Mr. Huang's Companies	16,100	41,800	107,100
Profit Compensation to be received by the Group	19,300	83,600	84,900

Mr. Huang is a controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the (i) Tenant Management Services Framework Agreement, (ii) Commercial Property Operational Services Framework Agreement; (iii) Master Services Procurement Agreement; (iv) Sales Referral Services Framework Agreement; and (v) Sublease Framework Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules with effect from 1 January 2023.

Confirmation from Independent Non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the aforementioned agreements (the "**Agreements**"), and confirmed the transactions conducted thereunder have been entered into:

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

Confirmations from the Company's Independent Auditor

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditor 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 auditor has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions conducted by the Group for the year ended 31 December 2025 confirming that nothing has come to its attention that causes it to believe that the continuing connected transactions:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (d) have exceeded the cap.

The auditor's letter has been delivered to the Board.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2025 are set out in Note 29 to the consolidated financial statements.

The related party transactions set out in Note 29 to consolidated financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Save as the transactions conducted under the Agreements or as disclosed above, the Directors confirmed that all other related party transactions set out in Note 29 to the consolidated financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be). The Directors confirmed that in respect of the connected transactions and the continuing connected transactions the Group conducted during the year ended 31 December 2025, the Company has complied with the requirements under Chapter 14A of the Listing Rules (including following the pricing policies stipulated under the Agreements when determining the price and terms of the continuing connected transactions as applicable).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2025 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.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers and tenants.

For the year ended 31 December 2025, the revenue amounts from the Group's five largest customers accounted for 30.8% (2024: 35.0%) of the Group's total revenue and the revenue amount from the Group's single largest customer, accounted for 25.5% (2024: 28.6%) of the Group's total revenue.

None of the Directors, their close associates; or any Shareholder who, to the knowledge of the Directors, owned more than 5% of the number of issued Shares (excluding treasury Shares, if any) of the Company held any interest in any of the Group's five largest customers other than the Galaxy Holding and its related companies. For the year ended 31 December 2025, revenue derived from Galaxy Holdings and its related companies amounted to RMB148.7 million, accounted for 25.5% of the Group's total revenue (2024: RMB184.4 million, accounted for 28.6% of the Group's total revenue in 2024).

The Group's suppliers include companies providing comprehensive or specific property management services and property owners under our sublease service model.

For the year ended 31 December 2025, the purchases amount from the Group's five largest suppliers accounted for 12.0% (2024: 13.8%) of the Group's total purchases and the purchases amount from the Group's single largest supplier, accounted for 5.3% (2024: 5.9%) of the Group's total purchases.

None of the Directors, their close associates or any Shareholders who, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital (excluding treasury Shares, if any), had any interest in any of the Group's five largest suppliers.

REPORT OF THE DIRECTORS

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 140 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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 respective holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 32 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in Note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Investment properties are mainly lease assets recognized pursuant to HKFRS 16 in respect of sublease projects (Changzhou Wujin Hutang Galaxy COCO City, Jiaxing Galaxy COCO City and Xiamen Galaxy COCO Park).

Details of the sublease projects, of which one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules exceeds/exceed 5%, Jiaxing Galaxy COCO City and Xiamen Galaxy COCO Park, are as follows:

Sublease project	Location	Existing use	Length of lease	Shopping mall (sq.m.)	Car Park (sq.m.)	Total GFA	% of the Group's interest
Jiaxing Galaxy COCO City	Changshui Road, Nanhu District, Jiaxing City	regional shopping center	long lease	81,504	–	81,504	100%
Xiamen Galaxy COCO Park	Portman Wealth Center Commercial Complex, Zhanhong Road, Siming District, Xiamen City	city shopping centers	long lease	73,507	28,834	102,341	70%

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended 31 December 2025 and details of the Shares issued during the year ended 31 December 2025 are set out in Note 25 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at all times in the year ended 31 December 2025 and up to the latest practicable date prior to the issue of this annual report, the Company has maintained the public float as required under the Listing Rules.

REPORT OF THE DIRECTORS

DONATION

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

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme and RSU Scheme mentioned below, no equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2025.

RESULTS AND DIVIDENDS

The consolidation results of the Group for the year ended 31 December 2025 are set out on page 68 of consolidated statement of comprehensive income.

Subsequent to the end of the reporting period, the Board of Directors of the Company recommends the declaration of a final dividend of HK8.5 cents per Ordinary Share for the year ended 31 December, 2025, representing an aggregate amount of approximately HK\$86,234,000, of which approximately HK\$172,000 relates to 2,027,000 Shares held by the Company under the Restricted Share Unit Scheme of the Company (the “**RSU Scheme**”). Such dividend is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company (the “**2026 AGM**”) to be convened and held on 5 June 2026. These consolidated financial statements do not reflect this dividend payable.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended 31 December 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

RESERVES

Details of movements in the reserves of the Group during the year under review are set out in the Consolidated Statement of Changes in Equity on page 138 of this annual report. The Company’s reserves available for distribution of the final dividends represent the share premium, share redemption reserve and retained profits. Under the Companies Act (as revised) of the Cayman Islands, the share premium of the Company is available for distribution of or paying dividends to Shareholders subject to the provisions of the amended and restated memorandum and articles of association of the Company (the “**Memorandum and Articles**”) and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Memorandum and Articles, dividends can be distributed out of the share premium and retained profits of the Company subjected to the satisfaction of the foregoing conditions, which amounted to RMB305,630,000 as at 31 December 2025 (2024: RMB440,624,000).

BANK LOANS AND OTHER BORROWINGS

There are no bank loans and other borrowings of the Group as at 31 December 2025.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service contract with the Company for an initial term of 3 years with effect from the Listing Date or the effective date of appointment, renewable for another 3 years upon expiry.

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of 3 years with effect from the Listing Date or the effective date of appointment, renewable for another 3 years upon expiry.

None of the Directors has a service contract with members of the Group that is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the Agreements as set out under the section headed "Continuing Connected Transactions" contained in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, 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.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to their skills and knowledge, their job responsibilities, level of their involvement in the Group's affairs, their individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals (included two Directors) in the Group are set out in Note 11 and Note 12 to the consolidated financial statements.

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 or agreed to waive 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 the Group to or on behalf of any of the Directors.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the sections headed "Continuing Connected Transactions", "Related Party Transactions" and "Management Discussion and Analysis" and Note 29 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 of the Company or any of its 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 a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2025 or subsisted at the end of the year.

REPORT OF THE DIRECTORS

DEED OF NON-COMPETITION

On 12 January 2021, Mr. Huang entered into a deed of non-competition (the “**Deed of Non-competition**”) in favor of the Company, pursuant to which, Mr. Huang has, among other things, irrevocably and unconditionally undertaken to the Company that he will not, and will procure his close associates not to compete with the Group’s business. Details of the Deed of Non-competition are set out in the section headed “Relationship with our Controlling Shareholders – Deed of Non-Competition” in the Prospectus.

As the Company explored opportunity to commence micro-financing business in cities other than Shenzhen in Guangdong Province of China, on 13 December 2024, Mr. Huang and the Company entered into the amendment deed (the “**Amendment Deed**”) to amend the Deed of Non-competition so as to allow Mr. Huang and his close associates (including but not limited to Shenzhen Yinshuntong Microfinance Co., Ltd.* (深圳市銀順通小額貸款有限公司), a company indirectly wholly owned by Mr. Huang) to continue their operation of micro-financing business in Shenzhen. The Amendment Deed and the transactions contemplated thereunder were approved by independent shareholders of the Company at the extraordinary general meeting held on 19 March 2025 and the Amendment Deed came into effect on 19 March 2025.

For further details, please refer to the announcements of the Company dated 13 December 2024, 19 March 2025 and the circular of the Company dated 16 January 2025.

Mr. Huang confirmed that he and his close associates have complied with the Deed of Non-competition for the year ended 31 December 2025. The independent non-executive Directors have conducted such review for the year ended 31 December 2025 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition and Amendment Deed have been fully complied with.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. Further details in relation to the development and remuneration of the Group’s employees are set out in the paragraph headed “Human Resources and Remuneration Policy” in this annual report.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers’ complaints to ensure customers’ complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group’s business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

AUDITOR

There has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended 31 December 2025 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and Registered Public Interest Entities Auditors, who are proposed for reappointment at the 2026 AGM.

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

The 2026 AGM will be convened and held on Friday, 5 June 2026. A circular containing the notice of the 2026 AGM and information regarding, inter alia, the re-election of the retiring Directors and the granting of the general mandates to the Directors to issue new shares and to repurchase shares will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

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

(a) Attending the 2026 AGM

For the purpose of determining the shareholders' rights to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of Shares will be registered.

For the purpose of determining the entitlement to attend and vote at the 2026 AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 1 June 2026.

(b) Payment of the proposed final dividend

For the purpose of determining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2025, the register of members of the Company will be closed from Friday, 12 June 2026 to Tuesday, 16 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 11 June 2026.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2025 the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules were as follows:

Interest in the Company

Name of Directors	Nature of interest	Number of Shares ⁽²⁾	Approximate percentage of shareholding ⁽¹⁾
Mr. Huang De-Lin Benny	Beneficial owner	86,000(L)	
	Interest in a controlled corporation ⁽³⁾	147,303,000(L)	
	Founder of a discretionary trust ⁽⁴⁾	1,293,000(L)	
	Total	148,682,000(L)	14.66%
Mr. Huang De’An Tony	Beneficial owner	1,791,000(L)	0.18%
Mr. Chen Qunsheng	Beneficial owner	212,000(L)	0.02%
Mr. Ma Chaoqun	Beneficial owner	80,000(L)	0.01%
Mr. Liu Jun	Trust beneficiary ⁽⁵⁾	200,000(L)	0.02%

Notes:

- (1) The calculation is based on the total number of 1,014,516,000 Shares in issue as at 31 December 2025.
- (2) The letter “L” denotes the person’s long position in the Shares.
- (3) Such Shares are held by Virtue Investment Development Limited (德瑞投資發展有限公司) (“**Virtue Investment**”), which is beneficially wholly-owned by Mr. Huang De-Lin Benny, who was entrusted by Mr. Huang to hold such Shares for the purpose of a share incentive scheme to be adopted after Listing. Pursuant to the confirmation letter signed by Mr. Huang De-Lin Benny and Mr. Huang, Mr. Huang De-Lin Benny will exercise the voting rights in Virtue Investment or exercise the voting rights in the Company through Virtue Investment in accordance with the instructions of Mr. Huang. Therefore, each of Mr. Huang and Mr. Huang De-Lin Benny is deemed to be interested in the Shares held by Virtue Investment under the SFO.
- (4) The founder of the trust is Mr. Huang De-Lin Benny. The trust shares originate from Virtue Investment and are granted at the discretion of the Share Award Scheme.
- (5) On 17 April 2023, 500,000 awarded Shares were granted to Mr. Liu Jun under a share award scheme adopted by Mr. Huang, the controlling shareholder of the Company. Please refer to the announcement of the Company dated 17 April 2023 for details. As at 31 December 2025, a total of 300,000 awarded Shares lapsed.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executives of the Company had, or were deemed to have, any interests 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 (a) were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) and companies had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

(i) Long position in Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares ⁽²⁾	Approximate percentage of holding ⁽¹⁾
Mr. Huang ⁽³⁾⁽⁴⁾	Founder of a discretionary trust ⁽³⁾	601,000,000(L)	
	Interest in controlled corporation ⁽⁴⁾	147,303,000(L)	
	Founder of a discretionary trust ⁽⁵⁾	1,293,000(L)	
	Total	749,596,000(L)	73.89%
TMF (Cayman) Ltd ("TMF (Cayman)") ⁽³⁾	Trustee of a trust	601,000,000(L)	59.24%
Long Harmony Holding Limited ("Long Harmony") ⁽³⁾	Interest in a controlled corporation	601,000,000(L)	59.24%
Go Star Investment Holding Limited ("Go Star")	Beneficial owner	601,000,000(L)	59.24%
Virtue Investment ⁽⁴⁾	Beneficial owner	132,756,000(L)	
	Trustee	14,547,000(L)	
	Total	147,303,000(L)	14.52%

Notes:

- (1) The calculation is based on the total number of 1,014,516,000 Shares in issue as at 31 December 2025.
- (2) The letter "L" denotes a long position in the Shares.
- (3) The entire issued share capital of Go Star is held by Long Harmony, a company incorporated in the BVI, which is in turn held by TMF (Cayman), the trustee of the family trust, which is a discretionary trust established by Mr. Huang as the settlor and protector. The beneficiaries of the family trust are Mr. Huang's family members. Accordingly, each of Mr. Huang, TMF (Cayman) and Long Harmony is deemed to be interested in the Shares held by Go Star under the SFO.
- (4) The entire issued share capital of Virtue Investment is held by Mr. Huang De-Lin Benny, who was entrusted by Mr. Huang to hold such Shares for the purpose of a share incentive scheme to be adopted after the Listing. Pursuant to the confirmation letter signed by Mr. Huang De-Lin Benny and Mr. Huang, Mr. Huang De-Lin Benny will exercise the voting rights in Virtue Investment or exercise the voting rights in the Company through Virtue Investment in accordance with the instructions of Mr. Huang. Therefore, each of Mr. Huang and Mr. Huang De-Lin Benny is deemed to be interested in the Shares held by Virtue Investment under the SFO.
- (5) The founder of the trust is Mr. Huang De-Lin Benny. The trust shares originate from Virtue Investment and are granted at the discretion of the Share Award Scheme.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 December 2020 for the purpose of providing incentives and rewards to eligible participants for the contribution they had or may have made to the Group so as to encourage them to participate in the long-term development of the Group and to share common interests and objectives with the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group.

(1) Eligible Participants to the Share Option Scheme

The Directors may, at their absolute discretion, invite any eligible participants (the “**SOS Eligible Participants**”), to take up options (the “**Options**”) to subscribe for Shares at a price calculated in accordance with paragraph (7) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

Any individual, being an employee, executive, director, officer, consultant, advisor, distributor, customer, supplier of the Group or such other person who the Board considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(2) Maximum Number of Shares Available for Issue

- (a) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent of the total number of Shares in issue from time to time.
- (b) The total number of Shares available for issue under the Share Option Scheme was 100,000,000 Shares (the “**General Scheme Limit**”), being 100,000,000 Shares to be issued upon exercise of 100,000,000 share options which may be granted under the Share Option Scheme, representing approximately 9.86% of the total Shares in issue as at the date of this annual report.
- (c) Subject to paragraph (a) above and without prejudice to paragraph (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10 per cent of the Shares in issue as at the date of approval of refreshing the General Scheme Limit. For the purpose of calculating the General Scheme Limit, Options previously granted (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Company) will not be counted.
- (d) Subject to paragraph (a) above and without prejudice to paragraph (c) above, the Company may issue a circular to the Shareholders and seek separate Shareholders’ approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in paragraph (c) above to the SOS Eligible Participants specifically identified by the Company before such approval is sought.

REPORT OF THE DIRECTORS

(3) Maximum Entitlement of each SOS Eligible Participant

The total number of Shares in issue and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding Options) to each SOS Eligible Participant in any 12 month period shall not exceed 1 per cent of the total number of the relevant class of shares of the Company (the “**Individual Limit**”). Any further grant of Options in excess of the Individual Limit in any 12 month period up to and including the date of such further grant, shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such SOS Eligible Participant and his associates abstaining from voting.

(4) Grant of Options to Connected Persons

(a) Any grant of Options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent of the total number of Shares in issue on the date of offer of the Options;
- (ii) having an aggregate value on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of Options must be approved by the Shareholders. The Company must send a circular to the Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. Voting at the meeting to approve the grant of such Options must be taken on a poll.

(5) Time of Acceptance and Exercise of an Option

An offer of grant of an Option may be accepted by a SOS Eligible Participant within 30 days from the date of the offer of grant of the Option. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an Option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option. No minimum period for which the Option has to be held before it can be exercised is specified in the Share Option Scheme.

(6) Performance Targets

Unless otherwise determined and stated by the Directors in the offer of the grant of Options to a SOS Eligible Participant, a SOS Eligible Participant is not required to achieve any performance targets before any Options granted under the Share Option Scheme can be exercised. The vesting schedule (if any) will also be determined in the offer of the grant of Options.

(7) Exercise Price for Shares

The exercise price for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share (if applicable).

REPORT OF THE DIRECTORS

(8) Restrictions on the Time of Grant of Options

A grant of Option under the Share Option Scheme shall not be made after inside information has come to the knowledge of the Company until the information has been announced. In particular, no Option should be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such is first notified to the Exchange in accordance with the Listing Rules) for approval of the Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not under the Listing Rules).

The Directors may not grant any Option to a SOS Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in the Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

(9) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the Listing Date. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately 4 years and 9 months.

As at the date of this annual report, no Options have been granted, while the number of Options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 was 100,000,000.

RESTRICTED SHARE UNIT ("RSU") SCHEME

The Board adopted the RSU Scheme on 4 November 2021 (the "**Adoption Date**"). For details, please refer to the announcement of the Company dated 4 November 2021. A summary of principal terms of the RSU Scheme is set out below:

Purposes

The purpose of the RSU Scheme is to recognize and acknowledge the contributions which Eligible Participants (as defined below) have made or may make to the Group and to reward the Eligible Participants who have achieved outstanding performance.

Term

Subject to any termination of the RSU Scheme as determined by the Board in accordance with the RSU Scheme rules, the RSU Scheme shall be valid and effective for ten years commencing on the Adoption Date. No RSUs have been granted under the RSU Scheme as at the date of this annual report. As at the date of this annual report, the remaining life of the RSU Scheme is approximately 5 years and 7 months.

Termination

The RSU Scheme shall terminate on the earlier of (i) the date the last of the RSUs has been vested and the last of the RSU Shares or cash amount referable to the RSU Shares transferred or paid to the relevant grantee or the last of the RSUs has lapsed in accordance with the RSU Scheme rules; and (ii) such other date as determined by the Board provided that such termination shall not affect any subsisting rights of any grantee.

RSU Shares will be held under a trust (the "**Trust**") set up for the purpose of the RSU Scheme. Upon termination of the RSU Scheme, all the Shares held under the Trust and all such non-cash income remaining in the trust fund of the Trust shall be sold by the trustee and all net proceeds (after deducting the relevant expenses) will be remitted to the Company.

REPORT OF THE DIRECTORS

Administration

The RSU Scheme shall be subject to the administration of the Board, whose decisions (save as otherwise provided herein) shall be final and binding on all parties.

Maximum Limit

The maximum number of Shares available for issue in respect of which RSUs may be granted under the RSU Scheme may not exceed 5% of the issued share capital of the Company as at the Adoption Date (being 51,001,950 Shares, representing approximately 5% of the issued share capital of the Company as at the date of this annual report) and the number of Shares awarded to each grantee under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. Such 5% scheme limit and 1% individual limit are applicable throughout the ten years term of the RSU Scheme, with no annual limit contemplated.

Eligible Participants (the "Eligible Participants")

The Eligible Participants shall include directors, senior management and employees of the Group determined by the Board to be eligible to participate in the RSU Scheme.

Operations of the RSU Scheme

Pursuant to the RSU Scheme rules, the Board may, from time to time and at its sole discretion, choose the Eligible Participants to participate in the RSU Scheme and determine the number of RSUs to be awarded with any conditions, restrictions or limitations before the award could be vested as it thinks fit, such as vesting date and conditions of the RSUs.

Pursuant to the RSU Scheme, existing Shares may be purchased or new Shares may be subscribed to satisfy the RSUs upon vesting and such Shares shall be transferred or the cash amount referable to such Shares shall be paid to the grantee when such RSUs are vested with the grantee in accordance with the RSU Scheme rules and the conditions of the award of such RSUs (if any).

A grant letter setting out, among others, the number, vesting conditions (if any) and vesting date of the RSUs to be granted will be issued by the Board to an Eligible Participant. The Eligible Participant may accept the grant of the award in such manner as set out in the grant letter. Upon acceptance, the Eligible Participant becomes a grantee in the RSU Scheme. The consideration payable (if any) and the vesting price (if any) of each RSU will be determined in such grant letter.

Vesting

Pursuant to the RSU Scheme, a grantee shall be entitled to receive the RSU Shares or cash amount referable to the RSU Shares upon satisfaction of the vesting conditions set out in the grant letter.

Voting Rights

The trustee of the Trust shall not exercise any voting rights in respect of any Shares held under the Trust.

For the year ended 31 December 2025, 90,000 ordinary shares were repurchased by the Company under the RSU Scheme (2024: nil). Up to 31 December 2025, a total of 2,027,000 Shares were repurchased under the RSU Scheme.

As of 31 December 2025, no RSUs was granted by the Company.

REPORT OF THE DIRECTORS

SHARE INCENTIVE SCHEME

For the purpose of implementing the share incentive scheme to retain talent, promote the long-term sustainable development of the Group and achieve mutual gain for the Company, employees and Shareholders, on 1 August 2019, Virtue Investment was incorporated in the BVI as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme to be adopted at least six months after the Listing.

Mr. Huang adopted a share award scheme on 17 April 2023. The share award scheme has a term of 10 years from the date of adoption.

On 17 April 2023, Mr. Huang granted a total of 54,800,000 awarded Shares under the share award scheme to 136 eligible participants within the Group and companies controlled by Mr. Huang. As of 31 December 2025, 15,840,000 Award Shares are outstanding.

The share incentive scheme is a discretionary incentive scheme adopted by Mr. Huang which does not involve issue of new Shares, and thus does not constitute a share scheme of the Company under Chapter 17 of the Listing Rules.

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.

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

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold, or repurchased any of the Company's listed securities.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the annual results of the Group for the year ended 31 December 2025.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of this annual report, the Group had no important events after the balance sheet date which needs to be disclosed.

On behalf of the Board

Huang De-Lin Benny

Chairman

Hong Kong, 25 March 2026

INDEPENDENT AUDITOR'S REPORT

Deloitte.

TO THE SHAREHOLDERS OF
E-STAR COMMERCIAL MANAGEMENT COMPANY LIMITED
星盛商業管理股份有限公司
(incorporated in the Cayman Islands with limited liability)

德勤

OPINION

We have audited the consolidated financial statements of E-Star Commercial Management Company Limited (the "Company") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 68 to 139, 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 and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the 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 the financial statements of public interest entities and 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
<p><i>Impairment assessment of trade receivables in respect of contracts with customers</i></p> <p>We identified the impairment assessment of trade receivables in respect of contracts with customers (the “Trade Receivables”) as a key audit matter due to the estimation uncertainty associated with determining the expected credit losses (“ECL”) on the Trade Receivables.</p> <p>The Group’s Trade Receivables primarily arise from the services rendered under the brand and management output service model. As set out in Note 19 to the consolidated financial statements as at 31 December 2025, the Trade Receivables amounted to RMB6,901,000 (net of accumulated allowance for credit losses of RMB23,266,000), out of which trade debtors with aggregate carrying amount of RMB398,000 were past due.</p> <p>As further disclosed in Note 28(b) to the consolidated financial statements, the Group measured ECL on the Trade Receivables individually by applying internal credit rating for each of its trade debtors, which are primarily the owners of commercial properties managed by the Group, under this model and were assessed with reference to past default experience, current past due exposure of the trade debtors and, where applicable, an analysis of current financial information of the relevant commercial properties managed by the Group. In calculating the ECL, the loss rates were estimated based on internal credit-rating of trade debtors, comparable probability of default and recovery rates quoted from an international credit-rating agency and were adjusted for forward-looking information, including but not limited to the reviving economic condition and consumption level in the People’s Republic of China (the “PRC”) without undue cost or effort. During the year ended 31 December 2025, an impairment loss of RMB7,327,000 and a reversal of impairment loss of RMB1,116,000 under ECL model were recognised for the Trade Receivables.</p>	<p>Our procedures in respect of impairment assessment of the Trade Receivables included:</p> <ul style="list-style-type: none">• Obtaining an understanding of key controls relating to the management of the Group’s determination of ECL on the Trade Receivables;• Testing, on a sample basis, the integrity of information used by the management of the Group by checking settlement records of the trade debtors and checking probability of default and recovery rates used in the ECL against the industry’s corporate default rate forecast and defaulted corporate bond and loan recoveries respectively published by an international credit-rating agency;• Challenging the management of the Group’s basis and judgment in application of its internal credit rating over the trade debtors and, in particular, their identification of credit-impaired Trade Receivables by evaluating trade debtors’ background through company searches and their repayment history; and• Evaluating the management of the Group’s assessment on the existing market conditions and forward-looking information, which form part of the determination of estimated loss rates, with reference to our understanding of the general economy in the PRC obtained through market research on publicly available information.

INDEPENDENT AUDITOR'S REPORT

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 of the Company 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 of the Company 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 of the Company 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 annual 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAAs, 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The engagement partner on the audit resulting in the independent auditor's report is CHOW Tsz Ki (practising certificate number: P07023).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 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	5	582,898	644,541
Cost of services		(304,630)	(346,635)
Gross profit		278,268	297,906
Other income	6	30,732	37,022
Other gains and losses		(3,387)	(2,881)
Impairment losses recognised under expected credit loss model, net	8	(8,026)	(1,147)
Selling expenses		(20,797)	(26,373)
Administrative expenses		(62,621)	(75,448)
Finance costs	7	(37,067)	(36,430)
Share of result of a joint venture	18	–	(74)
Profit before tax		177,102	192,575
Income tax expense	9	(38,865)	(44,201)
Profit and total comprehensive income for the year	10	138,237	148,374
Profit (loss) for the year attributable to:			
– Owners of the Company		142,631	154,472
– Non-controlling interests	33	(4,394)	(6,098)
		138,237	148,374
Earnings per share			
– Basic (RMB cents)	14	14.09	15.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property and equipment	15	905	1,152
Investment properties	16	797,073	780,445
Rental deposits	19	25,542	25,542
Restricted bank balances	20	10,086	5,000
Finance lease receivables	17	3,813	4,630
Deferred tax assets	22	56,217	44,205
		893,636	860,974
Current assets			
Finance lease receivables	17	817	741
Trade and other receivables	19	35,918	44,023
Financial assets at fair value through profit or loss ("FVTPL")		11	–
Amounts due from related parties	29	12,974	6,091
Short-term bank deposits	20	830,835	655,905
Cash and cash equivalents	20	512,599	710,599
		1,393,154	1,417,359
Current liabilities			
Trade and other payables	21	276,908	286,286
Lease liabilities	23	24,705	22,268
Contract liabilities	24	15,840	15,117
Amounts due to related parties	29	1,963	5,591
Tax payable		17,131	30,300
		336,547	359,562
Net current assets		1,056,607	1,057,797
Total assets less current liabilities		1,950,243	1,918,771

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	25	8,487	8,487
Reserves		1,258,977	1,238,390
Equity attributable to owners of the Company		1,267,464	1,246,877
Non-controlling interests	33	4,413	8,807
Total equity		1,271,877	1,255,684
Non-current liabilities			
Deferred tax liabilities	22	21,741	15,936
Lease liabilities	23	656,625	647,151
		678,366	663,087
		1,950,243	1,918,771

The consolidated financial statements on pages 68 to 139 were approved and authorised for issue by the Board of Directors on 25 March 2026 and are signed on its behalf by:

Huang De-Lin Benny
Director

Ma Chaoqun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Share redemption reserve RMB'000 (note (iii))	Shares held for share award scheme RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000 (note (ii))	Other reserve RMB'000 (note (ii))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	8,506	582,632	32	(5,463)	1,010	96,972	(1,088)	574,164	1,256,765	14,905	1,271,670
Profit (loss) and total comprehensive income for the year	-	-	-	-	-	-	-	154,472	154,472	(6,098)	148,374
Cancellation of shares (Note 25)	(14)	-	14	-	-	-	-	-	-	-	-
Repurchase and cancellation of shares (Note 25)	(5)	(891)	5	-	-	-	-	(891)	-	-	(891)
Dividends recognised as distributions (Note 13)	-	(164,271)	-	-	-	-	-	(164,271)	-	-	(164,271)
Transaction costs related to repurchase of shares	-	(19)	-	-	-	-	-	(19)	-	-	(19)
Recognition of equity-settled share-based payments (Note 26)	-	-	-	-	821	-	-	-	821	-	821
Transfer	-	-	-	-	-	12,908	-	(12,908)	-	-	-
At 31 December 2024	8,487	417,451	51	(5,463)	1,831	109,880	(1,088)	715,728	1,246,877	8,807	1,255,684
Profit (loss) and total comprehensive income for the year	-	-	-	-	-	-	-	142,631	142,631	(4,394)	138,237
Repurchase of shares under share award scheme	-	-	-	(113)	-	-	-	-	(113)	-	(113)
Dividends recognised as distributions (Note 13)	-	(123,166)	-	-	-	-	-	(123,166)	-	-	(123,166)
Transaction costs related to repurchase of shares	-	*	-	-	-	-	-	-	*	-	*
Recognition of equity-settled share-based payments (Note 26)	-	-	-	-	1,235	-	-	-	1,235	-	1,235
Transfer	-	-	-	-	-	12,805	-	(12,805)	-	-	-
At 31 December 2025	8,487	294,285	51	(5,576)	3,066	122,685	(1,088)	845,554	1,267,464	4,413	1,271,877

* Less than RMB1,000.

Notes:

- (i) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), a company established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the company.
 - (ii) The other reserve represents the difference between the fair value of the consideration paid and the paid-in capital of 深圳市星河商置集團有限公司 (Shenzhen Galaxy Commercial Property Group Co. Ltd.#) ("Galaxy Commercial Property Group") acquired from the then shareholders of Galaxy Commercial Property Group and was accounted for as a deemed distribution to the then shareholders.
 - (iii) Share redemption reserve records the amounts transferred from share capital upon cancellation of shares redeemed or purchased under the relevant laws in Cayman Islands.
- # The English name of this company is translated from its registered Chinese name for identification purpose only.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	177,102	192,575
Adjustments for:		
Depreciation of property and equipment	545	961
Depreciation of investment properties	46,222	45,731
Impairment losses recognised under expected credit loss model, net	8,026	1,147
Finance costs	37,067	36,430
Finance income on the net investment in the lease	(203)	(229)
Interest income	(27,565)	(33,775)
Share of result of a joint venture	–	74
Equity-settled share-based payments	1,235	821
Fair value (gain) loss on financial assets at FVTPL	(5)	120
Loss on disposal of property and equipment	127	3
Operating cash flows before movements in working capital	242,551	243,858
Decrease (increase) in trade and other receivables	80	(16,969)
Increase in amounts due from related parties	(6,883)	(2,401)
Decrease in finance lease receivables	741	671
(Decrease) increase in trade and other payables	(1,771)	3,306
(Decrease) increase in amounts due to related parties	(3,628)	3,690
Increase (decrease) in contract liabilities	723	(459)
Cash generated from operations	231,813	231,696
Income tax paid	(58,242)	(63,709)
Finance income on the net investment in the lease	203	229
NET CASH FROM OPERATING ACTIVITIES	173,774	168,216
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(18)	–
Redemption of financial assets at FVTPL	12	21,016
Interest received	8,635	54,313
Withdrawal of short-term bank deposits	128,000	425,073
Placement of short-term bank deposits	(284,000)	(238,000)
Purchase of property and equipment	(517)	(539)
Payments for leasehold improvement costs in respect of investment properties	(70,457)	(71,528)
Proceeds on disposal of property and equipment	92	1
Placement of restricted bank balances	(5,086)	(5,000)
Withdrawal of restricted bank balances	–	5,000
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(223,339)	190,336

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Dividend paid	(123,166)	(164,586)
Repayment of lease liabilities	(22,001)	(28,061)
Interest paid	(3,155)	(1,625)
Repurchase of shares	(113)	(576)
Transaction costs related to repurchase of shares	-*	(19)
NET CASH USED IN FINANCING ACTIVITIES	(148,435)	(194,867)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(198,000)	163,685
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	710,599	546,914
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	512,599	710,599

* Less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

E-Star Commercial Management Company Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 on 13 September 2019 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 January 2021 (the “**Listing**”). The addresses of the Company’s registered office and principal place of business are disclosed in the section headed “Corporate Information” in the annual report.

The immediate holding company and the ultimate holding company of the Company are Go Star Investment Holding Limited (“**Go Star**”) and Long Harmony Holding Limited (“**Long Harmony**”) respectively. Go Star was incorporated in the British Virgin Islands (“**BVI**”) with limited liability. Long Harmony was incorporated in the BVI by TMF (Cayman) Ltd., the trustee of the family trust. The family trust is a discretionary trust established on 4 December 2019 by Mr. Huang Chu-Long (hereinafter referred to as “**Mr. Huang**” or the “**Ultimate Controlling Shareholder**”) as the settlor, with TMF (Cayman) Ltd. acting as the trustee, and Mr. Huang acting as the protector. The beneficiaries of the family trust are Mr. Huang’s family members.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of commercial property operational services to either owners or tenants in respect of commercial properties, which include shopping centres, shopping streets and commercial complexes, and leasing commercial spaces to tenants in the PRC.

The functional currency of the Company is Renminbi (“**RMB**”), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as 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 an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

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 HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
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
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements 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 amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). 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, change in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments and Disclosures*. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 as 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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 component of other comprehensive income is attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the 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.

When necessary, adjustments are made to the financial statement 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 STATEMENTS

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 a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures 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 a joint venture 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 joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses will not be recognised since the Group has not incurred legal or constructive obligations or made payments on behalf of joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 *Impairment of Assets* ("**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.

The Group applies HKFRS 9 *Financial Instruments* ("**HKFRS 9**"), including the impairment requirements, to long-term interests in an associate or joint venture 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 *Investment in Associates and Joint Ventures* ("**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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 a joint venture *(Continued)*

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* ("HKFRS 16") at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases 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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any initial direct costs incurred by the Group.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

The Group presents right-of-use assets that do not meet the definition of investment property in “property and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within “investment properties”. Leasehold improvement, which is in connection with the right-of-use assets under sublease service model, is presented within “investment properties”. The leasehold improvement is measured at cost less subsequent accumulated depreciation over the lease term and any subsequent impairment losses.

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 and variable lease payments).

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

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.
- 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 item on 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 receivables, 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 assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (Continued)

Classification and measurement of leases (Continued)

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the 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. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

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

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (Continued)

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under HKFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the state-owned retirement benefit schemes and the Mandatory Provident Fund Scheme (“**MPF Scheme**”) are recognised as an expense when employee have rendered service entitling them to the contributions.

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 Standard 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, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services 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 payment 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Shares/Share options granted to employees (Continued)

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

Shares held for share award scheme

Where the shares of the Group are acquired under the share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as “shares held for share award scheme” and deducted from total equity.

When the awarded shares are transferred to the awardees upon vesting, the related cost of the awarded shares previously recognised in “shares held for share award scheme”, and the related employment costs of the awarded shares previously recognised in “share-based payment reserve” are transferred to retained profits.

Taxation

Taxation 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 profits. 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 differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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 and interest 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 assets to be recovered.

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

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 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 lease liabilities, and the related assets separately. The Group recognises a deferred tax 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 tax 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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 properties

Investment properties are properties held to earn rentals.

The Group's investment properties are leased properties which are subleased by the Group under operating leases and being recognised as right-of-use assets.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the carrying amounts of the asset and the related lease liability) is included in profit or loss in the period in which the property is derecognised.

Impairment on right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its right-of-use assets 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 right-of-use assets is 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.

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. 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. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 right-of-use assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include (i) cash, which comprises 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 (ii) cash equivalents, which comprises short-term (generally with original maturity of three months or less) and 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 cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 generally by regulation or convention in the market place concerned. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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 other financial assets are subsequently measured at FVTPL.

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 excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade receivables, certain other receivables and deposits, amounts due from related parties, cash and cash equivalents, pledged and restricted bank balances, short-term bank deposits and loans to a joint venture), and other items (operating and finance lease receivables), 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. Assessments 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.

The Group always recognises lifetime ECL for trade receivables and lease receivables (both operating and finance lease). The ECL on these assets are assessed individually.

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 increases 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 as at the reporting date with the risk of a default occurring on the financial instrument as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk *(continued)*

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

- 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 deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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; or
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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.

Generally, the ECL is estimated to the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and other items subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

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 amount, with the exception of trade receivables and lease receivables (both operating and finance lease) 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.

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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised 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, including trade payables, certain other payables, and amounts due to related parties, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, 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 on-going 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 is the key assumption concerning the future, and the key source 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 within the next financial year.

Impairment assessment of trade receivables in respect of contracts with customers

The Group's trade receivables in respect of contracts with customers primarily arise from the services rendered under the brand and management output service model. As set out in Note 28(b), the Group measured ECL on these trade receivables individually by applying internal credit rating for each of its trade debtors under this model and the Group assessed the relevant trade debtors with reference to their past default experience and, current past due exposure and, where applicable, an analysis of their current financial information and relevant internal credit ratings and financial information of the relevant commercial properties managed by the Group. In calculating the ECL, the loss rates were estimated based on internal credit ratings of the trade debtors, comparable probability of default and recovery rates quoted from an international credit-rating agency and were adjusted for forward-looking information, including but not limited to the economic condition and consumption level in the PRC and the expected consumer traffic of the relevant commercial properties managed by the Group without undue cost or effort.

As at 31 December 2025, the aggregate carrying amount of trade receivables was RMB6,901,000 (2024: RMB18,546,000), after taking into account accumulated impairment losses of RMB23,266,000 (2024: RMB30,555,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

The Group generates revenue primarily from provision of commercial property operational services to either owners or tenants in respect of the commercial properties in the PRC under three commercial property operational models as described below:

- Entrusted management service model;
- Brand and management output service model; and
- Sublease service model.

A. Revenue

Revenue from commercial property operational services by type of operational model

	2025 RMB'000	2024 RMB'000
Entrusted management services	377,793	426,497
Brand and management output services	73,609	95,713
Sublease services	131,496	122,331
	582,898	644,541
Comprise of:		
– Revenue from contracts with customers	527,501	588,581
– Revenue from leases	55,397	55,960
	582,898	644,541

(i) Disaggregation of revenue from contracts with customers:

	2025 RMB'000	2024 RMB'000
Commercial property operational services:		
– Positioning, construction consultancy and tenant sourcing services	52,002	58,125
– Operational management services	370,877	423,098
– Value-added services (note)	104,622	107,358
	527,501	588,581
Timing of revenue recognition:		
– Over time	524,470	570,305
– A point in time	3,031	18,276
	527,501	588,581
Type of customers:		
– Property owners	171,086	218,784
– Tenants and other customers	356,415	369,797
	527,501	588,581

The Group acts as a principal for all of the services rendered except for certain portion of revenue generated from value-added services.

Note: Included in the value-added services, there is an amount of RMB1,762,000 (2024: RMB1,269,000) where the Group acts as an agent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

A. Revenue *(Continued)*

Revenue from commercial property operational services by type of operational model *(Continued)*

(ii) Performance obligations for contracts with customers

Entrusted management service model

The contracts under entrusted management service model represent property related management services rendered in respect of commercial properties owned by related parties or independent third parties. The services rendered by the Group this model comprise (i) consultancy services provided to property owners; (ii) tenant sourcing services provided to property owners; (iii) operational management services provided to property owners; (iv) operational management services provided to tenants; and (v) value-added services provided to tenants and/or other customers.

Brand and management output service model

The contracts under brand and management output service model represent property related management services rendered in respect of commercial properties owned by related parties or independent third parties. The operating costs of managing the commercial properties are borne by the property owners instead of the Group. The services rendered by the Group under this model comprise (i) consultancy services provided to property owners; (ii) tenant sourcing services provided to property owners; (iii) operational management services provided to property owners (without rent collection); (iv) value-added services provided to tenants and/or other customers; (v) land sourcing assistance; and (vi) use of the Group's trademark and logo.

Sublease service model

The contracts under sublease service model represent leasing of commercial spaces within a commercial property to tenants (as described below in note (iv)) and property related management services in respect of commercial spaces leased by tenants. The services rendered by the Group under this model comprise (i) operational management services provided to tenants and (ii) value-added services provided to tenants and/or other customers. The commercial property is leased from a property owner, who is a related party or an independent third party of the Group, and subleased to the tenants.

The details of each service and revenue recognition process are set out below:

1. Consultancy services, such as market positioning, business planning provided to property owners, and design and construction consultancy services. The transaction price is fixed for each service and the revenue is recognised overtime in rendering of these services based on the progress of services using output method. The transaction price received before providing consultancy services to property owners is recognised as contract liabilities and released over the period of service.
2. Tenant sourcing services provided to property owners. The Group charges a pre-agreed amount in respect of each lease agreement entered and the revenue is recognised at a point in time when a tenant enters into a lease agreement with the property owner.
3. Operational management services provided to property owners, such as overall business operation management and rent collection. The Group charges an operational management fee based on a pre-agreed percentage of revenue and/or profit from property owners. The revenue is recognised over time as the customers simultaneously receive and consume the benefits in relation to services provided by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

A. Revenue *(Continued)*

Revenue from commercial property operational services by type of operational model *(Continued)*

(ii) Performance obligations for contracts with customers (Continued)

4. Operational management services provided to tenants, such as property management and marketing and promotion. The Group charges an operational management fee based on a per sq.m. basis or a pre-agreed fixed fee from tenants. The revenue is recognised over time as the customers simultaneously receive and consume the benefits in relation to services provided by the Group.
5. Value-added services provided to tenants and/or other customers, primarily including management of common areas and advertising spaces in the shopping centres. The Group charges a fixed fee for the use of these common areas and advertising spaces. The revenue is recognised over time as the tenants and/or other customers simultaneously receive and consume the benefits in relation to services provided by the Group. The transaction price received before providing value-added services to tenants and/or customers is recognised as contract liabilities and released on a straight-line basis over the period of service.
6. Land sourcing assistance services provided to customers. The Group charges monthly service fees for provision of such services. The revenue is recognised over time as the customers simultaneously receive and consume the benefits in relation to the services provided by the Group. Depending on the terms set out in each land sourcing assistance contract entered into with the customer, it may include a consideration where the amount and the payment depend on the occurrence of a future event. Such revenue, which is subject to constrained as detailed above, is recognised only to the extent that it is highly probable that it will not result in a significant revenue reversal in future when the uncertainty associated with that future event is subsequently resolved.
7. Right of using the Group's trademark and logo granted to property owners. The Group charges a fixed annual fee for use of these trademark and logo and the revenue is recognised over time.

(iii) Transaction price allocated to the remaining performance obligations

The Group has elected to apply the practical expedient under HKFRS 15 for not to disclose the information of remaining performance obligations which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount that corresponds directly with the value to the customers of the Group's performance completed to date which the Group has the right to invoice. The transaction price allocated to the remaining performance obligations where the aforementioned practical expedients are not applicable is approximately RMB881 million (2024: RMB665 million) as at 31 December 2025 and is expected to recognise as revenue within 15 years (2024: 16 years) as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

A. Revenue (Continued)

Revenue from commercial property operational services by type of operational model (Continued)

(iv) Leases

The revenue from leases arises from the lease agreements entered into between the Group and tenants under sublease service model. The Group enters into lease agreements with the property owners of commercial properties and subleases the commercial spaces within the commercial property to tenants.

	2025 RMB'000	2024 RMB'000
For operating leases:		
Lease payments that are fixed	33,007	37,234
Variable lease payments	22,187	18,497
	55,194	55,731
For finance leases:		
Finance income on the net investment in the lease	203	229
Total revenue arising from leases	55,397	55,960

B. Segment information

The Group's operations are solely derived from provision of commercial property operational services in the PRC. For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies of the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Group's operation is mainly in the PRC and all its non-current assets are situated in the PRC. All of the Group's revenue from external customers is attributable to the group entities' place of domicile (i.e. the PRC).

Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue during both years are as follows:

	2025 RMB'000	2024 RMB'000
Customer A (note)	148,654	184,406

Note: Customer A represents a group of related parties of the Group under common control of Mr. Huang. Details of the transactions with these related parties are set out in Note 29(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	27,565	33,775
Government grants (note)	662	942
Compensation and penalty received from tenants	2,505	2,305
	30,732	37,022

Note: The government grants refer to unconditional subsidies granted by the government authorities in the PRC.

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	37,067	36,430

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025 RMB'000	2024 RMB'000
Net impairment losses recognised on trade and other receivables	8,026	1,147

Details of impairment assessment on trade and other receivables are set out in Note 28(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
PRC Enterprise Income Tax ("EIT")		
– Current year	45,204	66,372
– (Over) under provision in prior year	(132)	459
Current tax charge	45,072	66,831
Deferred tax (Note 22)	(6,207)	(22,630)
	38,865	44,201

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Chinese Mainland

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the entities operating in the PRC is 25% for both years, except for an entity established and located in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in the PRC. This entity enjoys the preferential enterprise income tax rate of 15% for four consecutive calendar years from year 2022 to year 2025.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	177,102	192,575
Tax at PRC EIT rate of 25%	44,276	48,144
Share of result of a joint venture	–	19
Tax effect of expense not deductible for tax purpose	13	3,843
Tax effect of income not taxable for tax purpose	–	(793)
Tax effect of tax losses not recognised	1,124	1,574
Deferred tax in respect of PRC withholding tax on undistributed earnings of subsidiaries	2,278	2,427
Deferred tax in respect of PRC withholding tax on dividend income	–	(5,000)
Effect of different tax rates of subsidiaries operating in other jurisdiction	–	(640)
Income tax at concessionary rate	(6,929)	(3,285)
(Over) under provision in prior year	(132)	459
Utilisation of tax losses previously not recognised	(1,765)	(2,547)
Income tax expense	38,865	44,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2025 RMB'000	2024 RMB'000
Auditor's remuneration:		
– Auditor of the Company	1,120	1,360
– Non-audit services	409	507
	1,529	1,867
Depreciation of property and equipment	545	961
Depreciation of investment properties	46,222	45,731
Staff costs (including directors' emoluments as disclosed in Note 11):		
– Salaries and other benefits	171,350	203,286
– Equity-settled share-based payments	1,235	821
– Retirement benefit scheme contributions	23,741	25,276
Total staff costs	196,326	229,383
Fair value (gain) loss on financial assets at FVTPL (included in other gains and losses)	(5)	120
Loss on disposal of property and equipment (included in other gains and losses)	127	3
Net exchange loss (included in other gains and losses)	2,888	1,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2024: eleven) directors of the Company, including the chief executive during both years are as follows:

For the year ended 31 December 2025

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors						
Huang De-Lin Benny	-	220	-	-	11	231
Chen Qunsheng (note (iii))	-	2,581	988	-	105	3,674
Ma Chaoqun	-	1,228	360	-	102	1,690
Non-executive directors						
Huang De-An Tony (note (vi))	-	-	-	-	-	-
Liu Jun (note (v))	-	-	-	-	-	-
Independent non-executive directors						
Guo Zengli	137	-	-	-	-	137
Zhang Jinghua (note (iv))	137	-	-	-	-	137
Wan Hoi Lam (note (iv))	137	-	-	-	-	137
Total emoluments	411	4,029	1,348	-	218	6,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2024

	Directors' fee RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Equity-settled share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors						
Huang De-Lin Benny	-	55	-	-	3	58
Chen Qunsheng (note (ii))	-	2,720	700	-	86	3,506
Li Li (note (i))	-	244	-	-	16	260
Ma Chaoqun	-	1,257	689	-	99	2,045
Non-executive directors						
Huang De-An Tony (note (v))	-	-	-	-	-	-
Liu Jun (note (v))	-	-	-	-	-	-
Independent non-executive directors						
Guo Zengli	223	-	-	-	-	223
Zhang Liqing (note (iii))	195	-	-	-	-	195
Zhang Jinghua (note (iv))	117	-	-	-	-	117
Tse Yat Hong (note (iii))	106	-	-	-	-	106
Wan Hoi Lam (note (iv))	28	-	-	-	-	28
Total emoluments	669	4,276	1,389	-	204	6,538

Notes:

- (i) Ms. Li Li resigned as an executive director on 29 February 2024.
- (ii) Mr. Chen Qunsheng acted as the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (iii) Mr. Tse Yat Hong resigned as an independent non-executive director on 8 May 2024. Mr. Zhang Liqing resigned as an independent non-executive director on 18 October 2024.
- (iv) Dr. Zhang Jinghua was appointed as an independent non-executive director with effect from 8 May 2024 and Ms. Wan Hoi Lam was appointed as an independent non-executive director with effect from 18 October 2024.
- (v) These non-executive directors' emoluments were borne by related parties under common control of Mr. Huang for the services rendered for the Group and the related parties. In the opinion of the directors of the Company, it is not practicable to allocate their remunerations to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

No director's emolument was paid or payable by the Company to the non-executive directors for their services in for both years.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The performance related bonus are determined by reference to the individual performance.

No remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during both years.

12. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2024: two) of them were the directors of the Company for the year. Details of their emoluments are set out in Note 11. The emoluments of the remaining three (2024: three) individuals for the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	4,414	4,679
Performance related bonus	1,058	2,067
Equity-settled share-based payments	–	203
Retirement benefit scheme contributions	321	304
	5,793	7,253

Their emoluments (including directors of the Company) are within the following bands:

	2025	2024
HK\$1,500,001 to HK\$2,000,000	3	–
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	–	2
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–

Their emoluments (excluding directors of the Company) are within the following bands:

	2025	2024
HK\$1,500,001 to HK\$2,000,000	2	–
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	–	1

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2025

13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends recognised as distribution during the year:		
2025 interim dividend of HK5.0 cents (2024: 2024 interim dividend of HK4.8 cents) per ordinary share	46,296	44,520
2024 final dividend of HK8.3 cents (2024: 2023 final dividend of HK13.0 cents) per ordinary share	77,108	120,066
	123,404	164,586

The dividends of RMB92,000 and RMB146,000 included in the interim dividend for 2025 and the final dividend for 2024, respectively, are attributable to 1,937,000 shares held by the Company under the Company's RSU Scheme (as defined in Note 26).

The dividends of RMB86,000 and RMB229,000 included in the interim dividend for 2024 and the final dividend for 2023, respectively, are attributable to 1,937,000 shares held by the Company under the Company's RSU Scheme.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK8.5 cents per ordinary share, in an aggregate amount of approximately HK\$86,234,000, of which an amount of approximately HK\$172,000 is attributable to 2,027,000 shares held by the Company under the Company's RSU Scheme, have been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2025 RMB'000	2024 RMB'000
Earnings for the purpose of calculating basic earnings per share:		
Profit for the year attributable to owners of the Company	142,631	154,472

Number of shares

	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,012,546	1,012,607

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue.

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15. PROPERTY AND EQUIPMENT

	Machine and equipment	Motor vehicles	Electronic equipment	Office equipment	Other equipment	Leased property	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2024	139	1,448	3,899	1,813	1,685	12,134	21,118
Additions	84	6	381	58	10	–	539
Disposals	–	(7)	(147)	(7)	–	–	(161)
Written-off	–	–	–	–	–	(12,134)	(12,134)
At 31 December 2024	223	1,447	4,133	1,864	1,695	–	9,362
Additions	–	–	187	246	84	–	517
Disposals	–	(719)	(694)	(302)	(113)	–	(1,828)
At 31 December 2025	223	728	3,626	1,808	1,666	–	8,051
DEPRECIATION							
At 1 January 2024	113	1,440	2,809	1,429	1,615	12,134	19,540
Provided for the year	23	2	712	144	80	–	961
Eliminated on disposals	–	(7)	(145)	(5)	–	–	(157)
Written-off	–	–	–	–	–	(12,134)	(12,134)
At 31 December 2024	136	1,435	3,376	1,568	1,695	–	8,210
Provided for the year	13	3	400	129	–	–	545
Eliminated on disposals	–	(719)	(585)	(276)	(29)	–	(1,609)
At 31 December 2025	149	719	3,191	1,421	1,666	–	7,146
CARRYING AMOUNTS							
At 31 December 2025	74	9	435	387	–	–	905
At 31 December 2024	87	12	757	296	–	–	1,152

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Machine and equipment	10%
Motor vehicles	20%
Electronic equipment	33%
Office equipment	20%
Other equipment	20%

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For the year ended 31 December 2025

16. INVESTMENT PROPERTIES

	Investment properties RMB'000
COST	
At 1 January 2024	872,889
Decrease related to the lease modification	(43,327)
Additions	78,120
At 31 December 2024	907,682
Addition	62,850
At 31 December 2025	970,532
DEPRECIATION	
At 1 January 2024	81,506
Provided for the year	45,731
At 31 December 2024	127,237
Provided for the year	46,222
At 31 December 2025	173,459
CARRYING AMOUNT	
At 31 December 2025	797,073
At 31 December 2024	780,445

The Group as a lessee

The Group leased a commercial property in Changzhou of the PRC from a property owner, which is a related party of the Group, in April 2016 for a fixed term of 20 years. The Group has an option to extend the lease beyond the initial agreed period, but it is subject to the mutual agreement between the Group and the property owner. The leases met the definition of investment property held by a lessee as a right-of-use asset. When recognising the investment properties, the Group applied the incremental borrowing rate of the relevant group entity. The incremental borrowing rate applied at lease commencement date of this leased commercial property was 5.64%.

The Group leased commercial properties in Jiaxing and Xiamen of the PRC from independent property owners in May 2022 for a fixed term of 20 years. The Group has options to extend the leases beyond the initial agreed period, but it is subject to the mutual agreement between the Group and the property owners. The leases met the definition of investment property held by a lessee as right-of-use assets. When recognising the investment properties, the Group applied the incremental borrowing rate of the relevant group entity. The incremental borrowing rates applied at lease commencement date of these leased commercial properties were 5.64%.

During the year ended 31 December 2024, the property owners of the commercial property in Jiaxing of the PRC provided rent concessions to the Group with the modification on the lease agreement. Thus, the changes in lease payments resulted in lease modifications. The reduction of the Group's lease liabilities of RMB43,327,000 and a corresponding adjustment of the same amount to the right-of-use assets (included in investment properties) were recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INVESTMENT PROPERTIES *(Continued)*

The Group as a lessee *(Continued)*

The leased commercial property in Jiangyin of the PRC commenced in year 2023, the leased commercial property in Guangming District, Shenzhen, the PRC commenced in year 2025 and the remaining three leases have not yet commenced. The rentals for these five new leases were variable lease payments and, thus, they were not included in the calculation of right-of-use assets and lease liabilities.

During the year ended 31 December 2025, the Group enter into a new lease in Longgang District, Shenzhen, the PRC for its commercial property operational services business and the rentals for this new lease were variable lease payments and, thus, they were not included in the calculation of right-of-use assets and lease liabilities.

The lease agreement does not impose any particular covenants except for pre-approval from the property owner is required for, among others, the change of use or structure of the property.

Expenses relating to short-term leases with lease terms end within 12 months were RMB4,138,000 (2024: RMB3,915,000) for year ended 31 December 2025.

The Group regularly entered into short-term leases for office premises. At the end of each reporting periods, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in this note above.

The Group as a lessor

The Group leased out retail stores of commercial properties in Changzhou, Jiaxing, Xiamen, Jiangyin and Shenzhen of the PRC as described above under subleasing arrangements to receive rental income. The leases typically run for an initial period of 1 to 15 years and the lessees have the option to extend the lease beyond initial agreed period but it is subject to mutual agreement between the Group and the lessees. The extension option is subject to market review clauses in the event the lessee exercises the option.

Leases of retail stores are either with only fixed lease payments or contain variable lease payments that are based on pre-agreed percentage of sales recognised by the tenants and the minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in RMB which is the functional currency of the respective group entity. The lease contracts of the head lease and sublease do not contain residual value guarantee nor lessee's option to purchase the property at the end of lease term.

During the year ended 31 December 2025, the gross rental income from investment properties amounted to RMB55,194,000 (2024: RMB55,731,000) and direct operating expenses, which are determined as the depreciation of these properties, amounted to RMB46,222,000 (2024: RMB45,731,000).

Total cash outflows for the leases for year ended 31 December 2025 are RMB29,294,000 (2024: RMB33,601,000) which includes payment of RMB25,156,000 (2024: RMB29,686,000) for leased properties under sub-leases. The income from subleasing of properties for both years are set out in Note 5A(iv).

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For the year ended 31 December 2025

16. INVESTMENT PROPERTIES (Continued)

The Group as a lessor (Continued)

The fair value of the Group's investment properties as at 31 December 2025 was RMB1,140,000,000 (2024: RMB1,160,200,000). The fair value has been arrived at based on the determination of the management of the Group who made reference to the valuation carried out by Roma (Meta) Group Limited, an independent valuer not connected with the Group, on these investment properties as at 31 December 2025 and 2024.

The fair value of the Group's major investment properties was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the previous years.

In estimating the fair value of the Group's investment properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2025		2024	
	Carrying amount RMB'000	Fair value at level 3 hierarchy RMB'000	Carrying amount RMB'000	Fair value at level 3 hierarchy RMB'000
Commercial property located in Changzhou	34,601	159,400	37,832	167,100
Commercial property located in Jiaxing	347,348	556,400	369,219	535,600
Commercial property located in Xiamen	220,039	424,200	239,980	457,500

In the opinion of the directors of the Company, the investment properties with aggregate carrying amount of RMB195,085,000 as at 31 December 2025 (2024: RMB133,414,000) are either under renovation process before commencement of business or having insignificant construction costs only. The directors of the Company believe that the carrying amount of these properties is close to their fair value and the fair value change is not material.

The above investment properties are depreciated on a straight-line basis over the lease term.

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For the year ended 31 December 2025

17. FINANCE LEASE RECEIVABLES

The Group entered into a finance lease contract as a lessor for certain units located in a commercial property, which was leased by the Group from a property owner as disclosed in Note 16. The term of the finance lease is 15 years starting from August 2016. The interest rate inherent in the lease is fixed at the contract date over the lease term.

	Minimum lease payments 2025 RMB'000	Present value of minimum lease payments 2025 RMB'000
Finance lease receivables comprise:		
Within one year	991	817
In the second year	1,041	898
In the third year	1,094	986
In the fourth year	1,148	1,078
In the fifth year	880	1,300
	5,154	5,079
Gross investment in the lease	5,154	N/A
Less: unearned finance income	(75)	N/A
Present value of minimum lease payment receivable	5,079	5,079
Less: Allowance for credit losses		(449)
		4,630
Analysed as:		
Non-current		3,813
Current		817
		4,630

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For the year ended 31 December 2025

17. FINANCE LEASE RECEIVABLES (Continued)

	Minimum lease payments 2024 RMB'000	Present value of minimum lease payments 2024 RMB'000
Finance lease receivables comprise:		
Within one year	944	741
In the second year	991	817
In the third year	1,041	898
In the fourth year	1,094	986
In the fifth year	1,148	1,078
After five years	880	1,300
	6,098	5,820
Gross investment in the lease	6,098	N/A
Less: unearned finance income	(278)	N/A
Present value of minimum lease payment receivable	5,820	5,820
Less: Allowance for credit losses		(449)
		5,371
Analysed as:		
Non-current		4,630
Current		741
		5,371

As at 31 December 2025, the interest rate implicit in the above finance lease was approximately 0.3% (2024: 0.3%) per month.

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For the year ended 31 December 2025

18. INTEREST IN A JOINT VENTURE/LOANS TO A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Cost of unlisted investment in a joint venture	9,000	9,000
Share of post-acquisition results	(9,000)	(9,000)
	–	–
Loans to a joint venture	30,000	30,000
Share of post-acquisition results	(30,000)	(30,000)
	–	–

The joint venture was set up during the year ended 31 December 2021. The Group paid RMB9,000,000 as capital injection and advanced loans of RMB30,000,000 in total to the joint venture, which are unsecured, interest-free and without a fixed repayment date. The loans to a joint venture are considered as long-term interest that, in substance, form part of the Group's net investments in the joint venture.

Details of impairment assessment of loans to a joint venture for the years ended 31 December 2025 and 2024 are set out in Note 28(b).

Name of company	Form of business structure	Place of establishment/ principal place of business	Percentage of ownership interest and voting rights held by the Group		Principal activity
			2025 %	2024 %	
廣州凱星商業管理有限公司 Guangzhou Kaixing Commercial Management Co., Ltd* ("GZKX")	Joint venture	The PRC	30	30	Commercial property operational services

* The English name of this company is translated from its registered Chinese name for identification purpose only.

Under the relevant shareholders' agreement, decisions on relevant activities of GZKX require unanimous consent from both joint venture partners. Accordingly, neither the Group nor the another venture partner has the ability to control GZKX unilaterally and it is considered as jointly controlled by the Group and the joint venture partner.

Summarised financial information of the joint venture

Summarised financial information in respect of the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standard.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	2025 RMB'000	2024 RMB'000
Revenue	27,877	19,526
Loss and total comprehensive expense for the year	(45,695)	(58,267)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. INTEREST IN A JOINT VENTURE/LOANS TO A JOINT VENTURE *(Continued)* Summarised financial information of the joint venture *(Continued)*

	31.12.2025 RMB'000	31.12.2024 RMB'000
Non-current assets	262,466	274,091
Current assets	24,155	22,717
Non-current liabilities	300,713	306,169
Current liabilities	191,511	150,546
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	9,535	4,928
Current financial liabilities (excluding trade and other payables and provisions)	–	100,000
Non-current financial liabilities (excluding trade and other payables and provisions)	32,464	31,665

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	31.12.2025 RMB'000	31.12.2024 RMB'000
Net liabilities	(205,603)	(159,907)
Proportion of the Group's ownership interest in the joint venture	30%	30%
Other adjustments (note)	(61,681) 30,000	(47,972) 30,000
Carrying amount of the Group's net investment interest in the joint venture	–	–

Note: Amount represents loans to the joint venture which are considered as long-term interest that form part of the Group's net investments in the joint venture.

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19. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade and other receivables		
– Trade receivables	12,316	23,961
– Other receivables	49,144	45,604
	61,460	69,565
Analysed as:		
Non-current	25,542	25,542
Current	35,918	44,023
	61,460	69,565
Trade receivables		
<i>Contracts with customers</i>		
– Third parties	29,851	48,565
– Related parties (note)	316	536
Less: Allowance for credit losses	(23,266)	(30,555)
	6,901	18,546
Operating lease receivables - third parties	5,415	5,415
	12,316	23,961

Note: The related parties are companies under common control of Mr. Huang, the ultimate controlling shareholder of the Company.

As at 1 January 2024, the trade receivables in respect of contracts with customers and lease receivables, net of allowance for credit losses, amounted to RMB12,911,000 in total.

The Group grants credit terms of 10 to 30 days to its customers from the date of invoices. The following is an ageing analysis of the trade receivables in respect of contracts with customers, net of allowance of credit losses, presented based on the invoice date at the end of each reporting periods:

	2025 RMB'000	2024 RMB'000
0 – 10 days	11,918	20,544
11 – 30 days	–	453
31 – 60 days	–	207
61 – 90 days	–	367
Over 90 days	398	2,390
	12,316	23,961

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For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES (Continued)

The following is an ageing analysis of the lease receivables presented based on the revenue recognition date at the end of each reporting periods:

	2025 RMB'000	2024 RMB'000
0 – 10 days	5,415	5,415

Included in the Group's trade receivables in respect of contracts with customers as at 31 December 2025 are past due debtors with aggregate carrying amount of RMB398,000 (2024: RMB2,964,000), of which an amount of RMB398,000 (2024: RMB2,390,000) were past due 90 days or more and not considered as in default. The Group rebutted the presumption of default under ECL model for these trade receivables as the related trade debtors had no significant change in credit quality after assessing their background, good repayment records, continuous business relationship with the Group and certain forward-looking information, including but not limited to the reviving economic condition and consumption level in the PRC and the expected consumer traffic of the relevant commercial properties managed by the Group without undue cost or effort. The Group does not hold any collateral over these balances.

	2025 RMB'000	2024 RMB'000
Other receivables recognised as non-current assets:		
Rental deposits (note (i))	25,542	25,542
Other receivables recognised as current assets:		
Receivables from third-party payment platforms (note (ii))	1,952	1,960
Payments on behalf of tenants (note (iii))	1,253	936
Advance to employees (note (iv))	293	323
Other tax recoverables	16,175	11,774
Deposits	1,209	1,203
Prepayment	1,075	3,240
Others	1,645	626
	23,602	20,062
Total other receivables	49,144	45,604

Notes:

- (i) The amount represents rental deposits under sublease service model, which includes RMB15,000,000 (2024: RMB20,000,000) paid to related parties under common control of Mr. Huang.
- (ii) Customers usually pay the bills of tenants through third-party payment platforms in the commercial properties managed by the Group. The third party payment platforms normally settle the amounts received, net of handling charges, within a week after trade date. The Group will hold the money on behalf of tenants and repay to them upon monthly settlement. All receivables from third-party payment platforms were aged within one month and not past due.
- (iii) The Group may pay the utilities expenses on behalf of tenants before their commencement of operations. These amounts have no specific repayment terms and will normally be settled when the tenants commence their operations.
- (iv) The amount represents advancements to employees for the Group's daily operation.

Details of impairment assessment of trade and other receivables are set out in Note 28(b).

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20. CASH AND CASH EQUIVALENTS/SHORT-TERM BANK DEPOSITS/PLEGGED AND RESTRICTED BANK BALANCES

Cash and cash equivalents

Cash equivalents are bank balances with maturity of three months or less and carry interest at prevailing market rates ranging from 0.01% to 3.9% (2024: 0.01% to 4.30%) per annum as at 31 December 2025.

Short-term bank deposits

The short-term bank deposits are with original maturity of over three months carry interest at prevailing market rates ranging from 1.15% to 3.25% (2024: 2.2% to 3.3%) per annum as at 31 December 2025. The balances will mature within one year from the year end of the reporting period.

Pledged bank balances

Pledged bank balances represent deposits made for a performance guarantee contract in relation to a project under sublease service model. The balance carries interest at a prevailing market rate of 1.55% (2024: 1.55%) per annum and it will mature on 16 December 2029.

Restricted bank balances

Restricted bank balances amounting to RMB5,086,000 as at 31 December 2025 were restricted due to ongoing lawsuits. The liabilities related to these lawsuits were accounted for in the consolidated statement of financial position as at 31 December 2025.

Included in the cash and cash equivalents and short-term bank deposits, there are amounts of RMB219,239,000 (2024: RMB68,191,000) denominated in Hong Kong Dollar which is foreign currency of respective companies of the Group.

Details of impairment assessment of cash and cash equivalents, short-term bank deposits and pledged and restricted bank balances are set out in Note 28(b).

21. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and other payables		
– Trade payables	41,997	40,286
– Other payables	234,911	246,000
	276,908	286,286
Trade payables		
<i>Contracts with suppliers</i>		
– Third parties	37,500	37,036
– Related parties (note)	4,497	3,250
	41,997	40,286

Note: The related parties are companies under common control of Mr. Huang.

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For the year ended 31 December 2025

21. TRADE AND OTHER PAYABLES (Continued)

The credit period granted by suppliers of the Group normally ranges between 30 to 90 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting periods:

	2025 RMB'000	2024 RMB'000
0 – 30 days	41,997	40,283
Over 90 days	–	3
	41,997	40,286

	2025 RMB'000	2024 RMB'000
Other payables		
Receipts on behalf of tenants (note (i))	69,319	68,409
Deposits received (note (ii))	63,319	55,150
Payables for construction projects	57,717	65,868
Salary payables	31,231	44,633
Accrual and others	8,170	8,014
Other tax payables	5,155	3,926
	234,911	246,000

Notes:

(i) The balance represents funds received centrally by the Group on behalf of the tenants when the tenants carry out business activities in the commercial properties and the balance is returned to tenants monthly. It relates to the business activity as mentioned in Note 19(ii).

(ii) The balance mainly represents security deposits received from tenants and suppliers and rental deposits from lessees.

22. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	56,217	44,205
Deferred tax liabilities	(21,741)	(15,936)
	34,476	28,269

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22. DEFERRED TAX ASSETS/LIABILITIES (Continued)

The following table sets out the major deferred tax assets (liabilities) recognised and movements thereon during both years:

	Timing difference on recognition of revenue from leases RMB'000	Accrued interest income RMB'000	ECL provision RMB'000	Right-of- use assets RMB'000	Lease liabilities RMB'000	Withholding income tax on earnings of subsidiaries RMB'000	Equity-settled share-based payments RMB'000	Fair value changes on FVTPL RMB'000	Tax Loss RMB'000	Total RMB'000
As at 1 January 2024	(762)	(10,036)	7,465	(149,998)	173,850	(14,845)	249	(284)	-	5,639
(Charge) credit to profit or loss	(481)	7,616	286	18,638	(6,495)	2,573	209	284	-	22,630
At 31 December 2024	(1,243)	(2,420)	7,751	(131,360)	167,355	(12,272)	458	-	-	28,269
(Charge) credit to profit or loss	-	(3,527)	(1,369)	7,807	2,974	(2,278)	308	-	2,292	6,207
At 31 December 2025	(1,243)	(5,947)	6,382	(123,553)	170,329	(14,550)	766	-	2,292	34,476

As at 31 December 2025, the Group had the unrecognised tax losses of RMB59,894,000 (2024: RMB62,939,000) which were related to subsidiaries operating continuously and no deferred tax assets were recognised due to the unpredictability of its future profit stream.

Included in unrecognised tax losses are losses of RMB30,009,000 (2024: RMB44,225,000) of which RMB1,032,000, RMB10,302,000, RMB14,359,000, RMB4,181,000 and RMB135,000 will expire in years 2026, 2027, 2028, 2029 and 2030 respectively (2024: nil, RMB1,186,000, RMB17,994,000, RMB18,548,000 and RMB6,497,000 in years 2025, 2026, 2027, 2028 and 2029 respectively). Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, 5% (2024:5%) withholding income tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries established in the PRC to its subsidiary incorporated in Hong Kong in 2025, as its subsidiary identified as Hong Kong resident status to implement the preferential enterprise income tax rate. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB583,867,000 (2024: RMB484,222,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities:		
Within one year	24,705	22,268
More than one year but less than two years	35,573	24,438
More than two years but less than five years	101,088	103,002
More than five years	519,964	519,711
	681,330	669,419
Minimum lease payment due:		
Within one year	29,719	25,436
More than one year but less than two years	44,533	29,440
More than two years but less than five years	141,371	136,211
More than five years	886,516	936,209
	1,102,139	1,127,296
Less: future finance charge	(420,809)	(457,877)
Present value of lease liabilities	681,330	669,419
	2025 RMB'000	2024 RMB'000
Current	24,705	22,268
Non-current	656,625	647,151
	681,330	669,419

Lease liabilities amounting to RMB55,521,000 (2024: RMB58,453,000) were due to related parties of the Group.

As at 31 December 2025, the incremental borrowing rates implicit in the above lease liabilities range from 5.64% to 5.70% (2024: 5.64% to 5.70%) per annum.

24. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Market positioning and design and construction consultancy services	11,834	12,351
Sublease service	4,006	2,766
	15,840	15,117

As at 1 January 2024, contract liabilities amounted to RMB15,576,000.

Included in the balance of contract liabilities as at 31 December 2025, an amount of RMB9,939,000 (2024: RMB10,418,000) was from companies under common control of Mr. Huang.

For the contract liabilities as at 1 January 2025 and 2024, the entire balances were recognised as revenue in the profit or loss during the years ended 31 December 2025 and 2024 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. SHARE CAPITAL

Details of the Company's shares are disclosed as follows:

	Number of shares	Share capital HK\$'000	Share capital RMB'000
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 January 2024, 31 December 2024 and 31 December 2025	2,000,000,000	20,000	16,755
Issued and fully paid			
At 1 January 2024	1,016,807,000	10,168	8,506
Cancellation of shares (note (i))	(1,530,000)	(15)	(14)
Repurchase and cancellation of shares (note (ii))	(761,000)	(8)	(5)
At 31 December 2024 and 2025	1,014,516,000	10,145	8,487

The Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid	
		Lowest HK\$	Highest HK\$	HK\$'000	RMB'000
December 2023	1,530,000	1.11	1.24	1,817	1,651
January 2024	761,000	1.25	1.30	980	891

Notes:

- (i) The ordinary shares repurchased in December 2023 were cancelled during the year ended 31 December 2024.
- (ii) The ordinary shares repurchased from January 2024 were cancelled during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE INCENTIVE SCHEME

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 December 2020 for the purpose of providing incentives and rewards to eligible participants for their contribution or would be contribution to the Group so as to encourage them to participate in the long-term development of the Group and to share common interests and objectives with the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. Any individual, being an employee, executive, director, officer, consultant, advisor, distributor, customer, supplier of the Group or such other person who the board of directors of the Company considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

Without prior approval from the Group’s shareholders, (i) the total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares in issue on which trading of the share commences on the Stock Exchange; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time; and (iii) options in excess of 0.1% of the total number of shares of the Company in issue and with a value in excess of HK\$5 million may not be granted to substantial shareholders or independent non-executive directors or any of their respective associates, in the twelve-month period up to and including the date of such grant.

Options are exercisable over the vesting periods to be determined and notified by the board of directors of the Company to each grantee, but in no case after the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the Company’s shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share.

No minimum period for which the option has to be held before it can be exercised is specified in the Share Option Scheme.

During the years ended 31 December 2025 and 2024, no option was granted.

Restricted Share Unit Scheme

The Company adopted the Restricted Share Unit Scheme (“**RSU Scheme**”) on 4 November 2021 (“**Adoption Date**”). The objective of the RSU Scheme is to recognise the contributions by certain persons, including directors, senior management and employees of the Group determined by the board of directors of the Company (the “**Eligible Participants**”) and to provide incentives to recognise and acknowledge their contributions and reward the eligible participants who have achieved outstanding performance. The RSU Scheme became effective on 4 November 2021 and, unless otherwise terminated or amended, will remain in force for 10 years.

Without prior approval from the Group’s shareholders, (i) the total number of shares in respect of which restricted share unit (“**RSUs**”) may be granted under the RSU Scheme may not exceed 5% of the issued share capital of the Company as at Adoption Date; and (ii) the number of share awarded to each Eligible Participants under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. Such 5% scheme limit and 1% individual limit are applicable throughout the ten years term of the RSU Scheme, with no annual limit contemplated.

The board of directors of the Company may, from time to time and at its sole discretion, choose the Eligible Participants to participate in the RSU Scheme and determine the number of RSUs to be awarded with any conditions, restrictions or limitations before the award of RSUs could be vested as it thinks fit, such as vesting date and conditions of the RSUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE INCENTIVE SCHEME *(Continued)*

Restricted Share Unit Scheme *(Continued)*

Existing shares may be purchased or new shares may be subscribed to satisfy the RSUs upon vesting and such shares shall be transferred or the cash amount referable to such shares shall be paid to the grantee when such RSUs are vested with the grantee in accordance with the RSU Scheme rules and the conditions of the award of such RSUs (if any).

The board of directors of the Company will issue a grant letter setting out, among others, the number, vesting conditions (if any) and vesting date of the RSUs to an Eligible Participant to be granted. The Eligible Participant may accept the grant of the award of RSUs in such manner as set out in the grant letter. Upon acceptance, the Eligible Participant becomes a grantee in the RSU Scheme. Grantee shall be entitled to receive the RSUs or cash amount referable to the RSUs upon satisfaction of the vesting conditions set out in the grant letter.

The Company repurchased 90,000 ordinary shares (2024: nil) under the RSU Scheme during the year ended 31 December 2025. As at 31 December 2025, the Company repurchased an accumulated 2,027,000 shares under the RSU Scheme.

During the years ended 31 December 2025 and 2024, no RSU was granted.

Share Award Scheme

The board of directors of the Company was informed by Mr. Huang that he adopted a share award scheme (the "**Share Award Scheme**") on 17 April 2023. The objective of the Share Award Scheme is to recognise the contributions by certain persons, including directors, senior management and employees of the Group or other persons who make significant contribution to the Group (collectively, the "**Eligible Participants under the Share Award Scheme**") in order to optimise their performance and efficiency for the benefit of the Group, and in particular, to fulfil the strategic targets of the Group. In addition, another objective of the Share Award Scheme is to attract and retain or maintain ongoing business relationships with the Eligible Participants under the Share Award Scheme whose contributions are, or will or are expected to be, beneficial to the Group and the long-term growth and development of the Group.

The Share Award Scheme has a term of 10 years from the date of adoption, and will be funded by Mr. Huang through, among others, transfer of the entrusted Shares held by Virtue Investment Development Limited ("**Virtue Investment**"), a special purpose vehicle set up for the purpose of the Share Award Scheme under an entrusted arrangement.

Mr. Huang intends to use 150,000,000 shares, representing 14.72% of the issued share capital of the Company as at 17 April 2023, held by Virtue Investment under an entrusted arrangement with Mr. Huang De-Lin Benny, the executive director and chairman of the Company, to satisfy the awards to be granted under the Share Award Scheme.

On 17 April 2023, Mr. Huang granted a total of 54,800,000 awarded shares under the Share Award Scheme to 136 Eligible Participants under the Share Award Scheme, of which 19,650,000 awarded shares were granted to the eligible participants within the Group and the rest were granted to eligible participants of companies under common control of Mr. Huang.

The awarded shares can be vested under the vesting requirements that (i) the Group's and the grantees' personal performance requirements are fulfilled, and (ii) certain consideration is paid to specific account within ten working days after the vesting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE INCENTIVE SCHEME (Continued)

Share Award Scheme (Continued)

The table below discloses movement of awarded shares under the Share Award Scheme:

	Number of awarded shares
Outstanding as at 1 January 2024	12,495,000
Forfeited during the year	(3,010,000)
Outstanding as at 31 December 2024	9,485,000
Forfeited during the year	(350,000)
Exercised during the year	(1,112,000)
Cancelled during the year	(2,803,000)
Outstanding as at 31 December 2025	5,220,000

Details of awarded shares under the Share Award Scheme are set out below:

Date of grant	Vesting period	Exercise period	As at 1 January 2024	Number of awarded shares forfeited	As at 31 December 2024	Number of awarded shares forfeited	Number of awarded shares exercised	Number of awarded shares cancelled	As at 31 December 2025	Exercise price HK\$
Directors and senior management										
17 April 2023	From 17 April 2023 to 30 April 2025	10 working days from 30 April 2025	1,575,000	(450,000)	1,125,000	-	-	(1,125,000)	-	1.16
	From 17 April 2023 to 30 April 2026	10 working days from 30 April 2026	2,100,000	(600,000)	1,500,000	-	-	-	1,500,000	1.16
			3,675,000	(1,050,000)	2,625,000	-	-	(1,125,000)	1,500,000	
Other grantees										
17 April 2023	From 17 April 2023 to 30 April 2025	10 working days from 30 April 2025	3,780,000	(840,000)	2,940,000	(150,000)	(1,112,000)	(1,678,000)	-	1.16
	From 17 April 2023 to 30 April 2026	10 working days from 30 April 2026	5,040,000	(1,120,000)	3,920,000	(200,000)	-	-	3,720,000	1.16
			8,820,000	(1,960,000)	6,860,000	(350,000)	(1,112,000)	(1,678,000)	3,720,000	
			12,495,000	(3,010,000)	9,485,000	(350,000)	(1,112,000)	(2,803,000)	5,220,000	

The closing price of the Company's shares immediately before 17 April 2023, the date of grant, was HK\$1.48.

The fair values of the awarded shares determined at the date of grant using the Binomial model was HK\$9,843,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE INCENTIVE SCHEME (Continued)

Share Award Scheme (Continued)

The following assumptions were used to calculate the fair value of the awarded shares:

	17 April 2023
Closing price of the Company's share on the date of grant	HK\$1.48
Exercise price	HK\$1.16
Expected life	Ranging from 1.06 to 3.06 years
Expected volatility	Ranging from 58.36% to 61.27%
Expected dividend yield	6.78%
Risk-free interest rate	Ranging from 3.20% to 3.23%

The Binomial model had been used to estimate the fair value of the awarded shares. The variables and assumptions used in computing the fair value of the awarded shares were based on the valuer's best estimate. Changes in variables and assumptions might result in changes in the fair value of the awarded shares.

The Group recognised an expense of RMB1,235,000 (2024: RMB821,000) in relation to awarded shares granted by the Company for the year ended 31 December 2025.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The overall strategy remains unchanged during both years.

The capital structure of the Group consists of net debt, which includes lease liabilities as disclosed in Note 23, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, retained profits and other reserves.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost	1,405,289	1,426,731
Financial assets at FVTPL	11	–
Financial liabilities at amortised cost	239,172	235,849

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, certain other receivables (including rental deposits), finance lease receivables, pledged and restricted bank balances, short-term bank deposits, cash and cash equivalents, loans to a joint venture, amounts due from related parties, financial assets at FVTPL, trade payables, certain other payables, amounts due to related parties and lease liabilities. The risks associated with these financial instruments and 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 on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's short-term bank deposits, restricted bank balance and lease liabilities as at 31 December 2025 and 2024. Details of short-term bank deposits, restricted bank balances and lease liabilities are set out in Notes 20 and 23 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as at 31 December 2025 and 2024. Details of these bank balances are set out in Note 20.

The Group currently does not have interest rate risk hedging policy. However, management of the Group closely monitors its exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

No sensitivity analysis is provided on the above bank balances and deposits as the management of the Group considered that the interest rate fluctuation on these balances is minimal.

Other price risk

The Group is exposed to instrument price risk arising from changes in the fair value of its financial assets at FVTPL.

No sensitivity analysis on other price risk is presented for the financial assets at FVTPL as the management of the Group considered that a reasonable possible change to the fair value of these financial instruments will not have a significant effect to the Group's profit or loss.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade receivables, certain other receivables (including rental deposits), amounts due from related parties, loans to a joint venture, pledged and restricted bank balances, short-term bank deposits, cash and cash equivalents and lease receivables (including operating and finance lease receivables).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets and lease receivables (including operating and finance lease receivables) as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancement to cover its credit risks associated with its financial assets.

Trade receivables in respect of contracts with customers and lease receivables

The Group does not have concentration of credit risks with exposure spread over a number of counterparties. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables in respect of contracts with customers and lease receivables individually. Details of the quantitative disclosures are set out below in this note.

The Group's trade receivables in respect of contracts with customers primarily arise from services rendered under the brand and management output service model. The Group applies simplified approach on these trade receivables to assess for lifetime ECL prescribed by HKFRS 9. To measure ECL of these trade receivables at amortised cost, the Group applied internal credit rating for each of its trade debtors, which are primarily the owners of the commercial properties managed by the Group, under this model and the Group assessed the relevant trade debtors with reference to their past default experience and their current past due exposure and, where applicable, an analysis of their current financial information and relevant internal credit ratings and financial information of the relevant commercial properties managed by the Group. In calculating the ECL, the loss rates were estimated based on internal credit ratings of the trade debtors, comparable probability of default and recovery rates quoted from an international credit-rating agency and were adjusted for forward-looking information, including but not limited to reviving economic condition and consumption level in the PRC and the expected consumer traffic of the relevant commercial properties managed by the Group without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current and the forecast direction of conditions at the end of each reporting period.

The ECL loss rate is determined on debtor by debtor basis. The trade receivables in respect of contracts with customers which were credit-impaired have been provided to the extent of the amount that are expected to be unrecoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables in respect of contracts with customers and lease receivables (Continued)

The Group applies the simplified approach on lease receivables, both operating and finance leases, as prescribed by HKFRS 9, which uses the lifetime ECL provision. To measure ECL of the operating and finance lease receivables, the Group applied internal credit rating for each of its trade debtors, which are primarily the tenants of the commercial properties leased by the Group, under sublease service model and the Group assessed the relevant trade debtors with reference to their past default experience and current past due exposure. In calculating the ECL, the loss rates were estimated based on internal credit ratings of the trade debtors, comparable probability of default and recovery rates quoted from an international credit-rating agency and were adjusted for forward-looking information, including but not limited to reviving economic condition and consumption level in the PRC and the expected customers traffic of the relevant commercial properties managed by the Group without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current and the forecast direction of conditions at the end of each reporting period.

Based on the assessment performed by the management of the Group, it is considered that the loss rate for the lease receivables was not more than 1% (2024: not more than 1%) as at 31 December 2025. The ECL of lease receivables is determined on debtor by debtor basis and is considered to be insignificant at the end of each reporting period.

Other receivables, deposits and amounts due from related parties

For other receivables, deposits and amounts due from related parties, the management of the Group makes periodic individual assessment on the recoverability of these amounts based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Except for an amount of RMB1,815,000 (2024: nil), representing a deposit paid for start-up of certain business operation, which was impaired due to termination of such plan, the management of the Group believed that there was no significant increase in credit risk of these amounts since initial recognition and the management assessed the loss allowance based on 12m ECL, and considered them to have low credit risk, and thus no other loss allowance was recognised.

Loans to a joint venture

The Group applied 12m ECL to assess the impairment of loans to a joint venture prescribed by HKFRS 9. To measure the ECL on loans to a joint venture, they are assessed individually on the recoverability based on operation situation, business relationship, past experience, and also the available and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Cash and cash equivalents, pledged and restricted bank balances and short-term bank deposits

Credit risk on cash and cash equivalents, pledged and restricted bank balances and short-term bank deposits are limited because the counterparties are reputable banks and/or have high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents, pledged and restricted bank balances and short-term bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents, pledged and restricted bank balances and short-term bank deposits are considered to be insignificant.

The Group's internal credit risk rating assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and lease receivables	Other financial assets at amortised cost
Low risk	The counterparty has a low risk of default. The balance has not been past-due or has been past-due but frequently repaid after due dates and usually settled in full.	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor does not frequently repay at due dates but usually settle in full.	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 that 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 STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The table below details the credit risk exposures of the Group's financial assets and lease receivables which are subject to ECL assessment:

					As at 31 December	
	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2025 Gross carrying amounts RMB'000	2024 Gross carrying amounts RMB'000
Financial assets at amortised cost						
Trade receivables in respect of contracts with customers	19	N/A	Low risk	Lifetime ECL (not credit-impaired)	6,783	13,892
		N/A	Doubtful	Lifetime ECL (not credit-impaired)	23	6,670
		N/A	Loss	Lifetime ECL (credit-impaired)	23,361	28,539
Other receivables and deposits	19	N/A	Low risk	12m ECL (not credit-impaired)	31,894	30,590
Amounts due from related parties	29	N/A	Low risk	12m ECL (not credit-impaired)	12,974	6,091
Cash and cash equivalents	20	A3-Aa3	N/A	12m ECL (not credit-impaired)	512,599	710,599
Pledged and restricted bank balances	20	A3	N/A	12m ECL (not credit-impaired)	10,086	5,000
Short-term bank deposits	20	A3-Aa3	N/A	12m ECL (not credit-impaired)	830,835	655,905
Loans to a joint venture	18	N/A	Low risk	12m ECL (not credit-impaired)	30,000	30,000
Other items						
Finance lease receivables	17	N/A	Low risk	Lifetime ECL (not credit-impaired)	5,079	5,820
Operating lease receivables	19	N/A	Low risk	Lifetime ECL (not credit-impaired)	5,415	5,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its customers. The following table provides information about the exposure to credit risk for trade receivables.

Gross carrying amount

	2025		2024	
	Average loss rate RMB'000	Trade receivables RMB'000	Average loss rate RMB'000	Trade receivables RMB'000
Low risk	5%	6,783	5%	13,892
Doubtful	5%	23	26%	6,670

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in respect of contracts with customers under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2024	1,346	28,062	29,408
Changes due to financial instruments recognised as at 1 January 2024:			
– Transfer to credit-impaired	(1,096)	1,096	–
– Impairment losses reversed	(244)	(1,055)	(1,299)
New financial assets originated	2,446	–	2,446
At 31 December 2024	2,452	28,103	30,555
Changes due to financial instruments recognised as at 31 December 2024			
– Transfer to credit-impaired	(1,733)	1,733	–
– Impairment losses reversed	(716)	(400)	(1,116)
– Written off	–	(13,500)	(13,500)
New financial assets originated	339	6,988	7,327
At 31 December 2025	342	22,924	23,266

As at 31 December 2025, the allowance of credit loss for finance lease receivables is RMB449,000 (2024: RMB449,000).

During the year ended 31 December 2025, the Group recognised an impairment loss of RMB7,327,000 (2024: RMB2,446,000) and a reversal of impairment loss of RMB1,116,000 (2024: RMB1,299,000) for trade receivables in respect of contracts with customers. No impairment loss was recognised on lease receivables for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted average effective interest rate %	On demand or within three months RMB'000	More than three months but less than one year RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2025								
Trade payables	N/A	41,997	-	-	-	-	41,997	41,997
Other payables	N/A	195,212	-	-	-	-	195,212	195,212
Amounts due to related parties	N/A	1,963	-	-	-	-	1,963	1,963
		239,172	-	-	-	-	239,172	239,172
Lease liabilities	5.64	6,661	23,058	44,533	141,371	886,516	1,102,139	681,330
As at 31 December 2024								
Trade payables	N/A	40,286	-	-	-	-	40,286	40,286
Other payables	N/A	189,972	-	-	-	-	189,972	189,972
Amounts due to related parties	N/A	5,591	-	-	-	-	5,591	5,591
		235,849	-	-	-	-	235,849	235,849
Lease liabilities	5.64	6,427	19,009	29,440	136,211	936,209	1,127,296	669,419

Fair value of the Group's financial assets and financial liabilities that are measured at amortised cost

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the consolidated financial statements at the end of each reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RELATED PARTY DISCLOSURES

(a) Related party balances

(i) Amounts due from related parties

Details of amounts due from related parties are stated as follows:

Nature of related parties	2025 RMB'000	2024 RMB'000
Fellow subsidiaries (note)	12,974	6,091

Note: The related parties are companies under common control of Mr. Huang.

The entire balance of amounts due from related parties is trade nature and mainly arises from commercial property operational services for fellow subsidiaries. Details of impairment assessment of this balance are set out in Note 28(b).

(ii) Amounts due to related parties

Nature of related parties	2025 RMB'000	2024 RMB'000
Fellow subsidiaries (note)	1,963	5,591

Note: The related parties are companies under common control of Mr. Huang. The entire balance of amounts due to related parties is trade in nature and mainly represents the rental and other deposits paid by the fellow subsidiaries with respect to usage of common areas in the shopping centres and payable to fellow subsidiaries for reimbursements of staff welfare expenses incurred by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related parties transactions

In addition to the transactions or information disclosed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties, which are fellow subsidiaries under common control of Mr. Huang and a joint venture of the Group.

	2025 RMB'000	2024 RMB'000
Related parties		
Revenue:		
– Commercial property operational and related services (note (i))	132,422	162,798
– Tenant management services (note (ii))	16,232	21,608
Expense:		
– Property management and related services (note (iii))	3,114	4,380
– Expenses relating to short-term leases for office and other premises	4,095	3,915
– Interest expenses on lease liabilities (note (iv))	3,139	3,290
A joint venture		
Revenue:		
– Commercial property operational and related services (note (i))	1,081	2,222

Notes:

- (i) This category includes positioning, construction consultancy and tenant sourcing services, operational management services and property leasing services.
- (ii) This category includes operational management services and value-added services.
- (iii) This category includes property management services, catering services and hotel accommodation services.
- (iv) The repayments of lease liabilities of RMB6,070,000 (2024: RMB5,893,000) were made for the year ended 31 December 2025. Included in the repayments of lease liabilities there were interests paid of RMB1,549,000 (2024: RMB1,256,000) for the year ended 31 December 2025.

Under the entrusted management service model, the Group has five offices in the shopping centres owned by fellow subsidiaries for free during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RELATED PARTY DISCLOSURES (Continued)

(b) Related parties transactions (Continued)

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during both years were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	6,938	7,450
Performance related bonuses	2,218	2,997
Equity-settled share-based payments	–	203
Retirement benefit scheme contributions	417	393
	9,573	11,043

The remuneration of directors and key executives is determined having regard to their performance and market trends. The remuneration of directors for the years ended 31 December 2025 and 2024 are set out in Note 11.

30. 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 future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrual and others RMB'000 (Note 21)	Dividend payable RMB'000	Lease liabilities RMB'000 (Note 23)	Total RMB'000
At 1 January 2024	10,595	–	695,407	706,002
Financing cash flows (note)	–	(164,271)	(29,686)	(193,957)
Finance costs	–	–	36,430	36,430
Decrease due to lease modification	–	–	(43,327)	(43,327)
Transfer	(10,595)	–	10,595	–
Dividend paid (Note 13)	–	164,271	–	164,271
At 31 December 2024	–	–	669,419	669,419
Financing cash flows (note)	–	(123,166)	(25,156)	(148,322)
Finance costs	–	–	37,067	37,067
Dividend paid (Note 13)	–	123,166	–	123,166
At 31 December 2025	–	–	681,330	681,330

Note: The financing cashflows include repayment of lease liabilities and interest and payments of dividend and accrued issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the consolidated financial statements	53,141	48,928

32. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of these consolidated financial statements are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Place of operation	Registered/ issued and full paid share capital	Proportion of ownership interest								
				As at 31 December 2025			As at 31 December 2024			Principal activities	Notes	
				The Group's effective interest	Held by the Company	Held by a subsidiary	The Group's effective interest	Held by the Company	Held by a subsidiary			
Sincerity Commercial Management Limited	BVI/ 17 October 2019	Hong Kong	US\$100	100%	100%	N/A	100%	100%	N/A	Investment holding	(b)	
Luxuriant Commercial Management Limited	Hong Kong/ 12 November 2019	Hong Kong	HK\$100	100%	N/A	100%	100%	N/A	100%	Investment holding	(c)	
深圳市星瀚實業投資有限公司 Shenzhen Xinghan Industrial Investment Co., Ltd.*	The PRC/ 12 December 2019	Shenzhen	HK\$100,000,000	100%	N/A	100%	100%	N/A	100%	Investment	(a)	
深圳市星河商置集團有限公司 Galaxy Commercial Property Group*	The PRC/18 November 2013	Shenzhen	RMB400,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)	
深圳市星河商業管理有限公司 Shenzhen Galaxy Commercial Management Co., Ltd.*	The PRC/ 14 November 2014	Shenzhen	RMB5,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)	
廣州市星通商業管理有限公司 Guangzhou Xingtong Commercial Management Co., Ltd.*	The PRC/ 23 July 2015	Guangzhou	RMB19,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)	
常州市星河商業管理有限公司 Changzhou Galaxy Commercial Management Co., Ltd.*	The PRC/ 5 May 2016	Changzhou	RMB3,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Place of operation	Registered/ issued and full paid share capital	Proportion of ownership interest						Principal activities	Notes
				As at 31 December 2025			As at 31 December 2024				
				The Group's effective interest	Held by the Company	Held by a subsidiary	The Group's effective interest	Held by the Company	Held by a subsidiary		
南京市星恒商業管理有限公司 Nanjing Xingheng Commercial Management Co., Ltd.*	The PRC/ 9 November 2020	Nanjing	RMB5,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)
星盛深南(廈門)商業管理有限公司 Xingsheng Shennan (Xiamen) Commercial Management Co., Ltd.* ("Xingsheng Shennan")	The PRC/ 11 August 2021	Xiamen	RMB100,000,000	70%	N/A	70%	70%	N/A	70%	Commercial property operational services	(d)
嘉興市星盛商業管理有限公司 Jiaxing Commercial Management Co., Ltd.*	The PRC/ 5 August 2021	Jiaxing	RMB60,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)
深圳市星盛商業管理有限公司 Shenzhen E-Star Commercial Management Co., Ltd.*	The PRC/ 11 October 2022	Shenzhen	RMB1,000,000	100%	N/A	100%	100%	N/A	100%	Commercial property operational services	(d)
深圳市星園成商業管理有限公司 Shenzhen Xingyuancheng Commercial Management Co., Ltd.*	The PRC/ 26 May 2025	Shenzhen	RMB1,000,000	N/A	N/A	N/A	N/A	N/A	N/A	Commercial property operational services	(d)

Notes:

- (a) This company was established in the PRC in the form of a wholly-owned foreign enterprise.
- (b) This company was established in the BVI in the form of a limited liability company.
- (c) This company was incorporated in Hong Kong in the form of a limited liability company.
- (d) This company was established in the PRC in the form of a limited liability company.

* The English name of this company is translated from its registered Chinese name for identification purpose only.

None of the subsidiaries of the Company had any debt securities subsisting at the end of the reporting period or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of the Group's subsidiary that has material non-controlling interests at the end of each reporting periods:

Name of subsidiary	Place of operation	Proportion of ownership and voting rights held for non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Xingsheng Shennan	Xiamen, the PRC	30%	30%	(4,394)	(6,098)	4,413	8,807

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below:

Xingsheng Shennan

	2025	2024
	RMB'000	RMB'000
Non-current assets	237,097	252,277
Current assets	44,630	34,867
Current liabilities	(36,368)	(35,450)
Non-current liabilities	(230,653)	(222,338)
Equity attributable to owners of the Company	10,293	20,549
Non-controlling interests of Xingsheng Shennan	4,413	8,807
Revenue	39,421	26,831
Expenses	(54,072)	(47,159)
Loss for the year	(14,651)	(20,328)
Loss and total comprehensive expense for the year attributable to:		
– Owners of the Company	(10,256)	(14,230)
– Non-controlling interests of Xingsheng Shennan	(4,394)	(6,098)
	(14,650)	(20,328)
Net cash generated from operating activities	21,406	1,725
Net cash used in investing activities	(8,366)	(3,378)
Net cash used in financing activities	(3,358)	(3,358)
Net cash inflow (outflow)	9,682	(5,011)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investment in a subsidiary	3,066	1,831
Amounts due from subsidiaries	8,992	416,448
	12,058	418,279
Current asset		
Cash and cash equivalents	340,389	68,191
	340,389	68,191
Current liabilities		
Other payables	182	405
Amounts due to subsidiaries	40,607	40,535
	40,789	40,940
Net current assets	299,600	27,251
Total assets less current liabilities	311,658	445,530
Capital and reserves		
Share capital	8,487	8,487
Reserves	303,171	437,043
	311,658	445,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued) Movement in the Company's reserves

	Share premium RMB'000	Share redemption reserve RMB'000	Retained profits RMB'000	Shares held for share award scheme RMB'000	Share-based payment reserve RMB'000	Total RMB'000
At 1 January 2024	582,632	32	14,762	(5,463)	1,010	592,973
Profit and total comprehensive income for the year	-	-	8,411	-	-	8,411
Dividends recognised as distributions (Note 13)	(164,271)	-	-	-	-	(164,271)
Cancellation of shares (Note 25)	-	14	-	-	-	14
Repurchase and cancellation of shares (Note 25)	(891)	5	-	-	-	(886)
Transaction cost related to repurchase of shares	(19)	-	-	-	-	(19)
Recognition of equity-settled share-based payments (Note 26)	-	-	-	-	821	821
At 31 December 2024	417,451	51	23,173	(5,463)	1,831	437,043
Profit and total comprehensive income for the year	-	-	(11,828)	-	-	(11,828)
Dividends recognised as distributions (Note 13)	(123,166)	-	-	-	-	(123,166)
Transaction cost related to repurchase of shares	*	-	-	-	-	*
Repurchase shares under share award scheme (Note 26)	-	-	-	(113)	-	(113)
Recognition of equity-settled share-based payments (Note 26)	-	-	-	-	1,235	1,235
At 31 December 2025	294,285	51	11,345	(5,576)	3,066	303,171

* Less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. OPERATING LEASING ARRANGEMENTS

The Group as lessor

As at 31 December 2025, all of the properties held for rental purposes have committed lessees for the next 1 to 15 years (2024: 1 to 15 years).

Undiscounted lease payments receivable on leases are as follows:

	2025	2024
	RMB'000	RMB'000
Within one year	43,601	48,394
In the second year	31,514	38,646
In the third year	23,181	28,238
In the fourth year	17,322	20,790
In the fifth year	11,886	15,034
After five years	20,847	32,355
	148,351	183,457

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets					
Non-current assets	893,636	860,974	855,514	818,905	112,029
Current assets	1,393,154	1,417,359	1,469,132	1,322,952	1,320,317
Total assets	2,286,790	2,278,333	2,324,646	2,141,857	1,432,346
EQUITY AND LIABILITIES					
Total equity	1,271,877	1,255,684	1,271,670	1,180,703	1,138,649
Liabilities					
Non-current liabilities	678,366	663,087	685,132	668,333	63,354
Current liabilities	336,547	359,562	367,844	292,821	230,343
Total liabilities	1,014,913	1,022,649	1,052,976	961,154	293,697
Total equity and liabilities	2,286,790	2,278,333	2,324,646	2,141,857	1,432,346

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	582,898	644,541	635,006	561,854	572,209
Cost of services	(304,630)	(346,635)	(301,451)	(248,815)	(241,777)
Gross profit	278,268	297,906	333,555	313,039	330,432
Other income	30,732	37,022	42,767	40,031	31,141
Other gains and losses	(3,387)	(2,881)	3,076	15,473	(5,147)
(Impairment losses recognised) reversal of impairment losses under expected credit loss model, net	(8,026)	(1,147)	9,477	(21,415)	(10,294)
Selling expenses	(20,797)	(26,373)	(20,181)	(11,972)	(8,468)
Administrative expenses	(62,621)	(75,448)	(75,805)	(82,595)	(71,141)
Finance costs	(37,067)	(36,430)	(38,285)	(23,342)	(3,869)
Listing expenses	–	–	–	–	(8,281)
Gain on disposal of subsidiaries	–	–	300	–	–
Share of result of a joint venture	–	(74)	(16,075)	(20,874)	(1,977)
Profit before tax	177,102	192,575	238,829	208,345	252,396
Income tax expense	(38,865)	(44,201)	(76,524)	(59,463)	(68,474)
Profit and total comprehensive income for the year	138,237	148,374	162,305	148,882	183,922
Profit for the year attributable to:					
– Owners of the Company	142,631	154,472	171,097	154,275	184,924
– Non-controlling interests	(4,394)	(6,098)	(8,792)	(5,393)	(1,002)
	138,237	148,374	162,305	148,882	183,922

