

# 鑫苑物業服務集團有限公司

Xinyuan Property Management Service (Cayman) Ltd.

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1895

## 2025 ANNUAL REPORT





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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. SHEN Yuan-Ching (*Chairman of the Board*)

Mr. FENG Bo

Mr. WANG Yong (*Chief Financial Officer*)

### NON-EXECUTIVE DIRECTOR

Mr. TIAN Wenzhi

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Yifan

Mr. LING Chenkai

Mr. LAN Ye

Ms. ZHAO Xia

### AUDIT COMMITTEE

Mr. LI Yifan (*Chairman*)

Mr. LAN Ye

Ms. ZHAO Xia

### REMUNERATION COMMITTEE

Mr. LING Chenkai (*Chairman*)

Mr. LI Yifan

Mr. SHEN Yuan-Ching

### NOMINATION COMMITTEE

Mr. SHEN Yuan-Ching (*Chairman*)

Mr. LAN Ye

Mr. LING Chenkai

Ms. ZHAO Xia (Appointed on 30 June 2025)

### COMPANY SECRETARY

Ms. CHAN Charmayne

*ACG (CS, CGP), HKACG (CS, CGP)*

### AUTHORIZED REPRESENTATIVES

Mr. SHEN Yuan-Ching

Ms. CHAN Charmayne

*ACG (CS, CGP), HKACG (CS, CGP)*

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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95 Queensway, Admiralty

Hong Kong

### CORPORATE HEADQUARTER

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Building (B9), Hengtong Business Park

No. 10 Jiuxianqiao Road

Chaoyang District

Beijing, PRC

### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong



## LEGAL ADVISERS

As to Hong Kong law:

SIDLEY AUSTIN

39/F, Two Int'l Finance Centre  
Central, Hong Kong

## PRINCIPAL BANKERS

China Everbright Bank

(Zhengzhou Dongfeng Branch)

58 Jingsan Road, Jinshui District  
Zhengzhou City  
Henan Province, PRC

Bank of China

(Zhengzhou Mianfang East Road Branch)

1/F., Xinyuan International City Garden  
66 Mianfang East Road, Erqi District  
Zhengzhou City  
Henan Province, PRC

China Everbright Bank

(Zhengbian Road Zhengzhou Branch)

Zheng Bian Road & Ying Xie Road Junction  
Zhengzhou City  
Henan Province, PRC

Bank of Zhengzhou

(Zhengzhou Weier Road Branch)

8-3 Weier Road, Jinshui District  
Zhengzhou City  
Henan Province, PRC

Huaxia Bank (Zhengzhou Branch)

29 Shangwu Waihuan Road  
Zhengzhou City  
Henan Province, PRC

Huaxia Bank (Zhengzhou Nongye Road Branch)

Nongye Road and Dongming Road Intersection  
Zhengzhou City  
Henan Province, PRC

## AUDITOR

KTC Partners CPA Limited

*Registered Public Interest Entity Auditor*

Room 1305-07, 13/F  
New East Ocean Centre  
9 Science Museum Road  
Tsimshatsui, Kowloon  
Hong Kong

## OVERSEAS BANKER

Industrial and Commercial Bank of China

(Asia) Limited (Queen's Road Central Branch)

Basement, G/F and 1/F  
Nos. 122-126 Queen's Road  
Central, Hong Kong

## STOCK CODE

1895

## COMPANY WEBSITE ADDRESS

[www.xyphm.hk](http://www.xyphm.hk)



Xinyuan Property Management Service (Cayman) Ltd.

# HONOURS AND AWARDS



2025 Top 100 Property Service Companies in China



2025 TOP 100 Property Service Companies in China



2025 Top 100 of Most Valuable Brand of China Property Management Service



China's Leading Brand Companies in Property Marketization Operations 2025



2025 Leading Property Management Companies of China in Value-added Services Operation



# HONOURS AND AWARDS



2025 Leading Listed Company of Property Management Service in terms of ESG Sustainability Development



Leading Benchmark Enterprise in the New Business Ecosystem



2025 Featured Brand of China Property Management Service – Pioneer in New Quality Productive Forces for Large-Scale Property Management



2025 Featured Brand of China Property Management Service – Xinyijia Xin Butler



2025 Henan Province Leading Enterprise in AI Scenario Application for Property Management



## CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continued support for Xinyuan Property Management Service (Cayman) Ltd. (the "**Company**" or "**Xinyuan Service**", and together with its subsidiaries, the "**Group**"). On behalf of the board of directors (the "**Board**"), I hereby present the 2025 annual report.

2025 was a pivotal year for the Group in deepening its strategic transformation and achieving high-quality development. Facing a complex and ever-changing market environment, the Group, under the leadership of the Board, adhered to the strategic vision of "building new quality productivity in large-scale property management" and focused on three growth curves, namely "competing for scale in management services, building an ecosystem through scenario-based value-added services, and realising value through technology empowerment", rising to challenges and forging ahead with determination. Through the unremitting efforts of all employees, we successfully achieved steady growth of operating performance and continuous optimisation of the business structure, with all major operating indicators achieving steady growth, and the Company's operating quality and efficiency continuously improving.

### I. STEADY PERFORMANCE GROWTH WITH ENHANCEMENT IN BOTH QUALITY AND EFFICIENCY, DEMONSTRATING BUSINESS RESILIENCE

In 2025, the Group's operating revenue exceeded RMB900 million for the first time, presenting a high-quality performance trend of "profit growth faster than revenue growth", and the Group's operating quality reached a new level.

In 2025, the Group's operating revenue reached RMB905 million, representing a year-on-year increase of 4.1%; net profit reached RMB99.43 million, representing a substantial year-on-year increase of 12.2%, and the net profit margin increased by 0.8 percentage point to 11.0%. Against the backdrop of a general decline in industry profit margins; counter-trend growth was achieved. This was also the result of the combined improvement over the past year through technology empowerment, enhanced refined management capabilities and precise cost control capabilities.

### II. QUALITY EXPANSION IN SCALE, ACHIEVING CONTINUOUS CONSOLIDATION OF THE OPERATIONAL FUNDAMENTALS

We adhered to the quality scale growth strategy of "seeking excellence in existing projects and building solid accumulation for new projects", strengthened project approval review and post-signing handover management, comprehensively enhanced the quality of newly signed projects. At the same time, we proactively optimised existing projects, continuously improving the quality of projects under management.



## CHAIRMAN'S STATEMENT

As at the end of 2025, the Group's contracted GFA amounted to approximately 71.77 million sq.m., representing a year-on-year increase of 11.2%; its GFA under management reached approximately 40.48 million sq.m., a year-on-year increase of 1%. Revenue from property services grew by 11.6% year-on-year. The operational quality and revenue per available sq.m. of the projects have been significantly improved, laying a solid foundation for sustained and stable business operations.

### III. DEEPENED STRUCTURAL OPTIMISATION WITH CONTINUED ENHANCEMENT OF MARKET CAPABILITIES

The Group continues to deepen its strategy of "deep local engagement + broad regional outreach", and its market expansion capabilities have been continuously enhanced. In terms of market structure, as at the end of 2025, the proportion of third parties in contracted GFA increased to 70.0%, and the proportion of third parties in GFA under management reached 59.3%. At the same time, the revenue per available sq.m. of third-party projects grew by 28.4% year-on-year, demonstrating a dual improvement in our ability to acquire customers and profitability in the external market.

In terms of business mix, the proportion of revenue from non-residential properties increased to 25.1%, reflecting remarkable achievements in diversifying business types. Meanwhile, the proportion of revenue from related parties continued to decline, among which, revenue from related-party consulting and sales assistance services and construction services decreased to 0.1% and 1.7%, respectively. The optimisation of the business structure has accelerated the release of profit dividends, and the Company's profitability has continued to improve steadily.

### IV. SUSTAINED IMPROVEMENT IN GROSS PROFIT WITH CONCURRENT GROWTH IN VOLUME AND PROFIT OF VALUE-ADDED SERVICES

In 2025, the Group continued to enhance quality and efficiency through technological service empowerment, organisational optimisation, and precise cost control. The Group's overall gross profit improved significantly, with the overall gross profit margin increasing by 3.0 percentage points to 31.2%. In particular, community value-added services unleashed substantial profit potential through economies of scale, among which, revenue from community value-added services reached RMB207 million, and the gross profit margin increased significantly by 7.8 percentage points to 40.0%. The gross profit margin of property services also increased by 1.4 percentage points to 30.7%. These two major business segments achieved dual growth in both volume and profit.



## V. TECHNOLOGY EMPOWERMENT FIRST, AI-DRIVEN RESHAPING OF PRODUCTIVITY

The Group has self-developed and built the "Property + AI Agent Production Factory" platform, achieving the industry's first launch of the Customer Service Agent and Butler Agent, successfully creating a benchmark model for "Artificial Intelligence + Smart Community". We have innovatively formed a full-stack technology comprehensive service capability for property management, which not only drives efficiency leaps in individual business areas but also drives a systematic reshaping of the overall business core. Through our industry alliance ecosystem of "technology empowerment for large-scale property enterprises + multi-business support for small and medium-sized property enterprises", we have empowered over 800 small and medium-sized property enterprises in their digital transformation and AI efficiency enhancement. The "Butler Agent + Customer Service Agent" has effectively helped improve the quality and efficiency of property service scenarios, providing a replicable digital transformation model for the industry.

## VI. INTEGRATION OF PARTY BUILDING AND BRANDING, STEADY AND LONG-TERM VALUE CO-CREATION

The Group adheres to equal emphasis on Party building guidance and brand building, deepens the "Tongxinyuan" community co-creation mechanism, practises ESG concepts, and its brand influence continues to lead the industry. We follow the strategy of "one local feature per city, one benchmark per region", creating 15 "Lighthouse Projects" including Zhengzhou Xinyuan Mingjia and Xi'an Xinyuan Centre, hosting 138 observation tours throughout the year. We organised over 5,000 community activities throughout the year, attracting the participation of more than 200,000 homeowners. By virtue of our outstanding service quality, we have been honoured with awards such as "TOP 8 of 2025 China Property Service Satisfaction Top 100 Enterprises", and our brand value has continued to rise, earning wide acclaim from the government and homeowners.

Looking ahead, Xinyuan Property Management Service will continue to adhere to the development direction of "offering a pleasant lifestyle as a new productivity development", with "quality in scale, profitability in growth, and cash flow in operations" as its core orientation.

We will continue to deepen the three-wheel-driven strategy of "Management Services, Scenario-based Value Enhancement, and Technology Empowerment". On the one hand, we will expand our management scale through market-oriented means; on the other hand, we will improve service efficiency and commercial value through digital means. We will continue to optimise our asset portfolio and strengthen cash flow management to create long-term and stable returns for our shareholders!

**SHEN Yuan-ching**

*Chairman of the Board*

Hong Kong, 30 March 2026



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

The Group is committed to offering a pleasant lifestyle as a new productivity development service provider within the larger property management sector. In 2025, it continued to advance comprehensively along three growth trajectories of “scaling through management services, creating ecosystems through scenario-based value enhancement, and generating value through technology empowerment”, achieving steady overall business growth.

In management services, the property management segment focused on high-quality scale expansion, adhering to the strategy of “deep local engagement + broad regional outreach”. By integrating property management, commercial management and multi-business operations with technology, the Group established diversified co-operation models and deepened the expansion strategy of “one city, one strategy”. This formed a development pattern in which residential, commercial, industrial, and urban services advanced in parallel, while the service footprint accelerated its expansion into the nation’s core urban clusters. Centered on three key initiatives: improving efficiency of existing assets; optimizing new growth; and maintaining controllable risks, the Group, through mechanism optimization, business innovation, and technological empowerment, continuously enhanced foundational service capabilities, refined cost management, and improved quality and efficiency. In commercial operations, the Group pursued a dual strategy of deepening existing assets while expanding new ones, gradually transitioning from a traditional “rental-focused” model to an “asset management platform” model, with profitability quality continuing to improve.

In scenario-based value enhancement, the Group continued to develop a new ecosystem of “property services + lifestyle services”. Leasing and sales services, leveraging a smart marketing system, enhanced both customer acquisition and transaction efficiency. The people-centric services focused on standardized product deployment, emphasizing digital systems and product capabilities. Customer Relationship Management (CRM) and e-signature systems have been established to broaden the product portfolio, standardize services, and optimize customer experience. Retail operations successfully unlocked the live-streaming channel, upgrading strategy from “broad coverage” to “deep engagement”. Purified water services have completed brand upgrades for self-operated and cooperative products while optimizing the supply chain and online delivery systems to enhance service experience and efficiency. At-home services comprehensively deployed unmanned service scenarios, creating a new community value-added service model driven by “intelligence + unmanned empowerment”. Overall, the efficiency of scenario-based value-added services and customer experience continued to improve.



## MANAGEMENT DISCUSSION AND ANALYSIS

In technology empowerment, the Group systematically built full-stack technological service capabilities for large-scale property management, and launched industry-first “Customer Service Agent” and “Butler Agent”. Through a technical architecture integrating platform, data, and intelligent applications, core systems have been upgraded to achieve project-wide application coverage. The Xin Customer Service system introduced intelligent form-filling and quality inspection features, significantly improving service request processing efficiency. The Xin Butler system now covers all frontline staff, and the intelligent platform has been applied in customer service and marketing scenarios, generating over 2,000 marketing videos. The Xin Duo Duo platform can process over 60,000 retail orders annually. With continued advancement in digital applications, online service penetration has steadily increased, operational collaboration has been significantly strengthened, and the role of technology in enhancing management efficiency and business development has become increasingly evident.

The Group adhered to Party-building leadership, deepening the “Tongxin Yuan” community co-construction mechanism and the “13510” community mediation model. Following the principle of “one local feature per city, one benchmark per region”, it developed 15 lighthouse projects, including Zhengzhou Xinyuan Mingjia and Zhengzhou International New Town – No. 6 Courtyard, earning 16 government and industry honors, hosting 138 high-quality government receptions and research visits, and receiving 155 media reports from authoritative outlets, including Xuexi Qiangguo, CPC News, and Henan TV. The Zhengzhou Xinyuan Mingjia project, as a national-level model of “Beautiful Homeland”, was specially featured by China Property Management magazine. Party-building-led improvements in property service quality have become a red engine driving Xinyuan’s high-quality development.

In 2025, the Group’s brand influence continued to strengthen, receiving multiple accolades, including: TOP 8 in Leju Finance’s 2025 China Property Service Satisfaction Top 100; TOP 15 in China Index Academy’s 2025 China Property Service Top 100 recognition from CRIC Property, China Property Research Association’s 2025 Top 100 Property Service Enterprise Brand Value, 2025 Top 100 China Property Service Strength Enterprises, and 2025 Leading China Property ESG Sustainable Development Enterprises; TOP 5 in China Property Listed Companies Dividend Value by China Property Think Tank 2025 and Leading Enterprise in China Property Value-Added Service Operations 2025; TOP 11 in CRIC’s 2025 China Property Digital Capability ranking; and Leading Benchmark Enterprises in the New Commercial Ecosystem 2025 awarded by Guandian Index Research Institute.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Property Management Services

#### Commitment to high-quality development

The Group has adhered to a stable and sustainable high-quality development strategy, following a four-wheel-drive expansion model: “deep local engagement, strategic key clients, regional specialized outreach, and market-based tendering”. Market expansion strategies were continuously refined by region and business segment, gradually forming a development pattern of “regional deep cultivation + multi-segment coordination”. In 2025, while consolidating its advantages in residential property management advantages, the Group simultaneously expanded into the existing market and non-residential sectors, achieving key breakthroughs in various non-residential property types, including public buildings, industrial parks, commercial complexes, scenic spots, schools, and hospitals. During the reporting period, the Group signed new contracts covering approximately 15.78 million square meters, of which residential projects accounted for around 7.27 million square meters, and non-residential projects approximately 8.51 million square meters.

As at 31 December 2025, the Group provided property management and value-added services in 79 cities across China, with a contracted gross floor area (“**GFA**”) of approximately 71.77 million square meters across 408 projects. The floor area under management amounted to approximately 40.48 million square meters, covering 272 projects.



## MANAGEMENT DISCUSSION AND ANALYSIS

The table below presents the Group's contracted floor area, the floor area under management, and number of the projects area under management as of the indicated date:

	Year ended 31 December			
	2025		2024	
	Contracted GFA sq.m.'000	GFA under management sq.m.'000	Contracted GFA sq.m.'000	GFA under management sq.m.'000
At the beginning of the year	<b>64,552</b>	<b>40,133</b>	55,342	34,345
Addition <sup>(1)</sup>	<b>15,779</b>	<b>5,263</b>	14,274	8,394
Xinyuan Real Estate Group	<b>124</b>	<b>74</b>	298	838
Third parties	<b>15,655</b>	<b>5,189</b>	13,976	7,556
Cessation <sup>(2)</sup>	<b>8,561</b>	<b>4,914</b>	5,064	2,606
At the end of the year	<b>71,770</b>	<b>40,482</b>	64,552	40,133

## Notes:

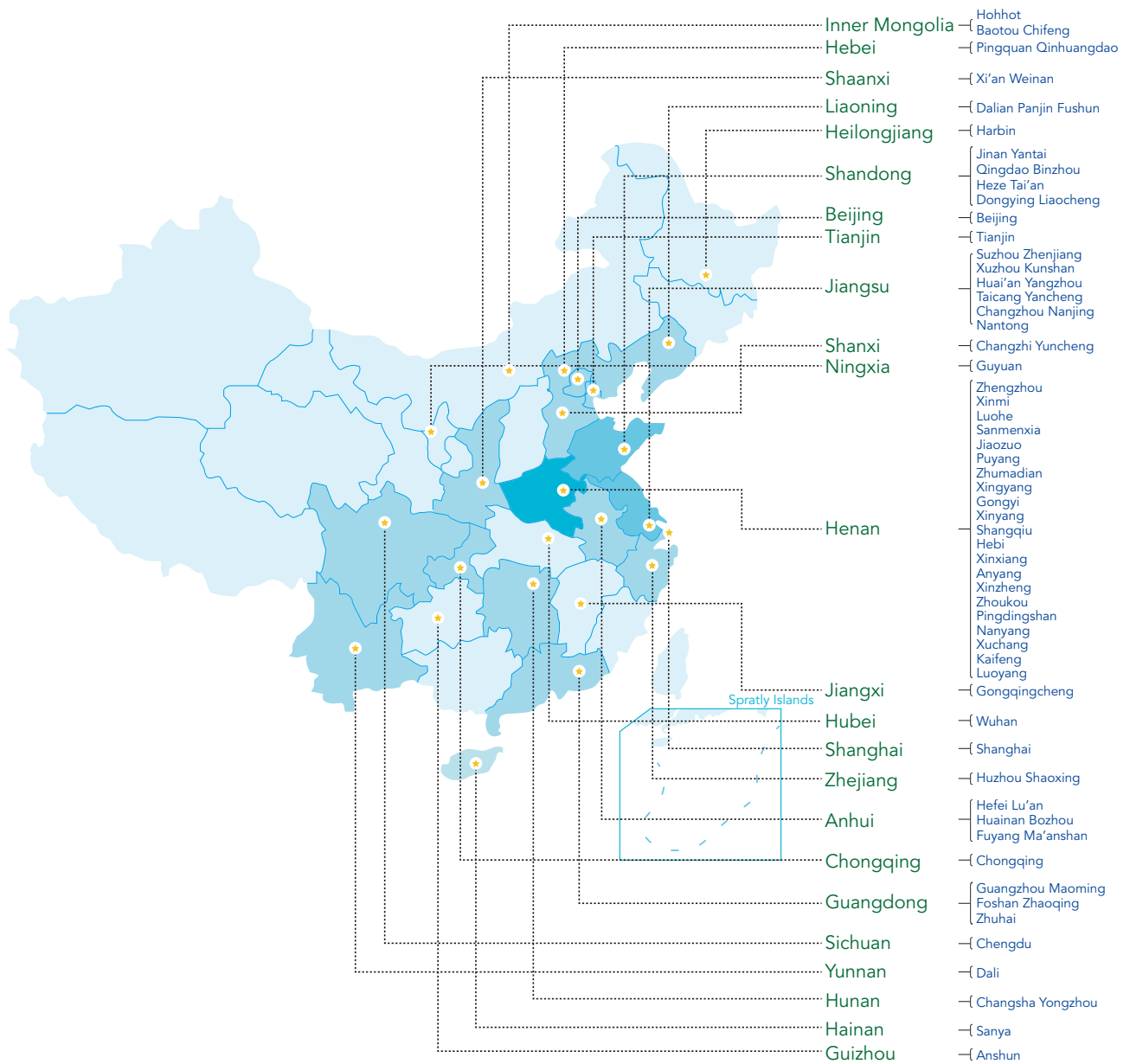
- (1) These new contracts mainly consist of advance management contracts for new properties developed by property developers, residential community property management contracts replacing previous service providers, and additional contracts arising from equity acquisitions.
- (2) Cessation includes certain property management service contracts which we opted not to renew due to our reallocation of resources to contracts with higher profitability in order to optimize our property management portfolio.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Our geographical coverage

In 2025, we continued to expand our layout nationwide on the basis of deep engagement in regions, achieving a strategic layout in the five main regions, such as the Central China, Southern China, Western China, Northern China, and Eastern China. As at 31 December 2025, our geographical coverage has expanded to 79 cities across the PRC.





## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the GFA, revenue, and their respective proportion of revenue by geographical region as of the indicated date:

	Year ended 31 December					
	2025			2024		
	GFA	Revenue	Percentage	GFA	Revenue	Percentage
	(sq.m.'000)	(RMB'000)	%	(sq.m.'000)	(RMB'000)	%
Central China <sup>(1)</sup>	21,516	334,519	52	21,084	322,176	56
Eastern China <sup>(2)</sup>	9,853	144,182	23	8,451	122,986	22
Western China <sup>(3)</sup>	5,534	77,448	12	7,326	71,899	13
Northern China <sup>(4)</sup>	1,578	35,985	6	1,243	28,289	5
Southern China <sup>(5)</sup>	2,001	44,848	7	2,029	25,198	4
Total	40,482	636,982	100	40,133	570,548	100

## Notes:

- (1) Includes cities located in Henan, Hunan, and Hubei provinces.
- (2) Includes cities located in Jiangsu, Anhui, Shandong, Zhejiang, Jiangxi provinces and Shanghai municipality.
- (3) Includes cities located in Sichuan, Heilongjiang, Yunnan, and Shaanxi provinces and Chongqing municipality.
- (4) Includes cities located in Liaoning Province, Hebei Province, Inner Mongolia, Beijing and Tianjin municipalities.
- (5) Includes cities located in Hainan, Guangdong, and Guizhou provinces.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Steady scale growth

In terms of scale expansion, the Group has consistently adhered to a stable and high-quality development strategy. In 2025, the Company optimized its expansion strategy under the principle of “quality and efficiency first”, gradually shifting from pure scale growth to a development model balancing deep cultivation of existing assets and cash flow management. By adjusting the conversion weighting of newly developed projects, the Group strengthened the synergy between the investment and financing system and the property management system.

Regarding the expansion mechanism, the Company continued to refine the “four-wheel-drive” expansion model and introduced the “8,321 Business Opportunity Funnel Management System”, enhancing project approval assessments and post-contract integration management to ensure effective achievement of new contract scale and cash income targets. Meanwhile, in response to intensified industry competition and changing customer demands, the Group actively explored new business models and collaboration approaches, accumulating experience for future transformation and upgrading.

As at 31 December 2025, the third parties’ GFA under management and contracted GFA accounted for 59% and 70% of the Group’s GFA under management and contracted GFA, respectively, with their market share continuing to rise and the business structure further optimized.

The Group’s GFA under management by third parties and the proportion of property management service revenue in 2025 are set out below:

	Year ended 31 December					
	2025			2024		
	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %	GFA (sq.m.'000)	Revenue (RMB'000)	Percentage %
Xinyuan Real Estate Group <sup>(1)</sup>	16,496	376,030	59	16,422	369,570	65
Third parties <sup>(2)</sup>	23,986	260,952	41	23,711	200,978	35
<b>Total</b>	<b>40,482</b>	<b>636,982</b>	<b>100</b>	<b>40,133</b>	<b>570,548</b>	<b>100</b>

Notes:

- (1) Xinyuan Real Estate Co., Ltd. (the ultimate holding company of the Company) and its subsidiaries are collectively referred to as Xinyuan Real Estate Group. It includes properties solely developed by Xinyuan Real Estate Group and properties developed by foreign joint venture holdings.
- (2) Refers to properties of independent third parties.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Diversified property management portfolio**

The Group currently manages a wide range of property types, including residential and various non-residential properties such as office buildings, commercial complexes, industrial parks, business parks, schools, and public buildings. Although residential properties remain the primary source of revenue, the Company has been continuously promoting business diversification by expanding non-residential property management services, thereby enriching service scenarios and enhancing resilience across economic cycles.

In 2025, the Group achieved an addition of approximately 8.51 million square meters of contracted GFA in non-residential property management, further diversifying its business portfolio and optimizing the overall property mix.

A breakdown of our revenue generated from property management services of developed properties by property type for the years ended 31 December 2025 and 2024 is as follows:

	Year ended 31 December					
	GFA (sq.m.'000)	2025 Revenue (RMB'000)	Percentage %	GFA (sq.m.'000)	2024 Revenue (RMB'000)	Percentage %
Residential properties	28,789	477,219	75	28,058	451,170	79
Non-residential properties	11,693	159,763	25	12,075	119,378	21
Total	40,482	636,982	100	40,133	570,548	100

**Value-added services**

In 2025, the Group continued to focus on community life scenarios and the diversified needs of property owners, deeply exploring the value of community services. Through digital platforms and the integration of online and offline services, the Group gradually built a community service system covering the entire residential lifecycle. During the reporting period, the Company pursued continuous product and service innovation across its core business segments, including leasing and sales services, people-centric lifestyle services, community retail, purified water delivery, and at-home services, promoting service digitalization, online scenario implementation, and refined operational management.

Overall, the Group's community value-added service business is gradually upgrading from standalone services to a multi-scenario integrated service platform, and will further enhance business scale and profitability through digital operations and resource integration in the future.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the revenue from community value-added services for the years ended 31 December 2025 and 2024:

Value-added services	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue from third party services <sup>(1)</sup>	23,964	12	20,932	10
Space resources management <sup>(2)</sup>	106,552	52	117,001	57
Domestic living services <sup>(3)</sup>	76,119	36	65,930	33
<b>Total</b>	<b>206,635</b>	<b>100</b>	<b>203,863</b>	<b>100</b>

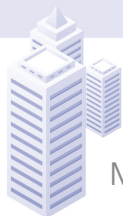
Notes:

- (1) Profit is derived from paid utilities using the cost-plus method.
- (2) We collect a pre-agreed fee for public space resource management.
- (3) We provide products and services that meet the residential lifestyle needs of property owners, including community retail, people-centric lifestyle services, purified water delivery, leasing and sales, and at-home services, generating both revenue and profit.

### Pre-delivery and consulting services

Leveraging the Group's 25 years of professional property management experience, we offer personalized pre-delivery and consulting services to property developers, enhancing the competitiveness of their developments.

Pre-delivery services include the provision of co-marketing services to property developers during the pre-delivery phase or when the property is introduced to the market, such as (i) on-site management services; and (ii) on-site "warm-up" services to engage potential buyers. Consulting services include (i) providing recommendations to property developers during the early planning and construction phases regarding project planning, design management, and construction management, with the aim of enhancing functionality, comfort, and convenience; and (ii) offering brokerage and management services to property developers for unsold properties.



## MANAGEMENT DISCUSSION AND ANALYSIS

The table below presents the revenue breakdown of pre-delivery and consulting services for the years ended 31 December 2025 and 2024.

Pre-delivery and consulting services	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Xinyuan Real Estate Group	1,231	32	6,125	54
Third parties	2,676	68	5,127	46
Total	3,907	100	11,252	100

#### Property engineering services

Property engineering services include the provision of firefighting, intelligent engineering, landscaping engineering and smart neighbourhood planning engineering and construction services at the construction stages of a property, as well as additional installation of elevators, remaking facades and other renewal and remaking engineering services for stock properties. Meanwhile, the Group also participated in government-led old town renovation projects and old community renewal projects.

The table below sets out the breakdown of revenue from property engineering services for the years ended 31 December 2025 and 2024.

Property engineering services	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Xinyuan Real Estate Group	15,058	26	56,713	68
Third parties	42,296	74	26,498	32
Total	57,354	100	83,211	100



## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

The Group is committed to offering a pleasant lifestyle as a new productivity development service provider within the larger property management sector. In its future development, the Company will continue to focus on its core property management business and, through technology empowerment and business innovation, will continuously enhance operational efficiency and service capabilities, driving sustainable and high-quality growth of the Company.

#### I. Management Services

The property management and commercial management businesses will continue to adhere to a high-quality development trajectory, guided by the principles of “quality in scale, profitability in growth, and cash flow in operations”, with the aim of continuously enhancing profitability and long-term value creation.

The Company will focus on core regions and high-potential property types, continuously optimizing project entry mechanisms and post-investment management systems to achieve a dynamic balance between scale expansion and profitability. At the same time, the Company will strengthen refined management of existing projects, continuously improve the property fee collection rate and cost control level, and optimize the structure of inefficient projects through classified management, so as to continuously enhance the quality of the overall asset portfolio.

In addition, the Company will expand diversified value-added services around community scenarios, increasing per-project output and the proportion of non-cyclical revenue, while enhancing cash flow management to strengthen business resilience. In digital development, the Company will continue to advance the application of intelligent management tools, using technology to improve operational efficiency and customer experience, thereby providing stable support for scale expansion.



## MANAGEMENT DISCUSSION AND ANALYSIS

### II. Scenario-based Services

The Company will advance the development of community value-added services along the directions of technology empowerment, scenario extension, and model replication.

In the short term, the Company will focus on promoting the development of its five core business segments. Leasing and sales services will replicate mature operating models to improve per-store operational efficiency. People-centric lifestyle services will enhance project conversion capabilities while exploring commercial interior services to increase gross margin. Purified water services will expand coverage and enterprise client base through a platform-based supply chain. At-home services will gradually transition from a joint-venture model to self-operated operations to reduce operating costs. Community retail will continue optimizing supply chain systems to improve business stability.

In the medium to long term, the Company will deepen the integration of technology and business, leveraging intelligent agent technologies to analyze user behavior and enable precise marketing. It will further promote the integration of various business systems with platforms such as Xin Yijia and Xin Duo Duo, gradually building an integrated smart community ecosystem combining property services and community commerce.

### III. Scenario Technology

The Group will continue to advance its technology empowerment strategy, guided by productization and market orientation, increasing investment in digital and intelligent research and development. The Company will progressively refine a technology framework centered on intelligent agent platforms, data middle office, and “Internet of Things” platforms, continuously deepening and optimizing full-stack technological service capabilities.

By advancing multi-platform coordinated development, the Company will further strengthen data-driven operational capabilities, upgrading property services toward greater intelligence and precision. It will also explore commercial models for external deployment of technology products, leveraging its technological services for large-scale property enterprises and supporting multi-business operations for small- and medium-sized property companies. Through differentiated technological empowerment, the Company will continuously enhance its comprehensive competitiveness in the smart property management sector.



## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

## Revenue

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB904.9 million (2024: approximately RMB868.9 million), representing an increase of approximately 4.14% as compared to the corresponding period last year.

The Group's revenue for the years ended 31 December 2025 and 2024 was derived from four major business segments, (i) property management services; (ii) value-added services; (iii) pre-delivery and consulting services; and (iv) property engineering services as set out in the following table:

	Year ended 31 December			
	2025		2024	
	Revenue RMB'000	Percentage %	Revenue RMB'000	Percentage %
Property management services	636,982	70.5	570,548	65.7
Value-added services	206,635	22.8	203,863	23.5
Pre-delivery and consulting services	3,907	0.4	11,252	1.3
Property engineering services	57,354	6.3	83,211	9.5
Total	904,878	100.0	868,874	100.0

## Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by business lines for the periods indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Property management services	195,334	30.7	167,062	29.3
Value-added services	82,615	40.0	65,710	32.2
Pre-delivery and consulting services	221	5.7	3,522	31.3
Property engineering services	4,501	7.8	8,692	10.4
Total	282,671	31.2	244,986	28.2



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gross profit for the year ended 31 December 2025 amounted to RMB282.7 million, representing an increase of 15.4% over RMB245.0 million in 2024. Gross profit margin increased to 31.2% from approximately 28.2% for the year ended 31 December 2024.

Gross profit margin of property management services in 2025 was 30.7%, representing an increase of approximately 1.4 percentage point as compared to 29.3% in 2024. The increase in gross profit margin for property management services was mainly due to the enhancement of economies of scale, improved cost-saving measures, and increased operational efficiency.

Gross profit margin of value-added services in 2025 was 40.0%, representing an increase of approximately 7.8 percentage points as compared to 32.2% in 2024, mainly due to the enhancement of economies of scale, improved cost-saving measures, and increased operational efficiency.

Gross profit margin of pre-delivery and consulting services in 2025 was 5.7%, representing a decrease of approximately 25.6 percentage points as compared to 31.3% in 2024. The decrease in gross profit margin for pre-delivery and consulting services was mainly due to the significant decline in the business scale.

Gross profit margin for property engineering services in 2025 was approximately 7.8%, representing a decrease of approximately 2.6 percentage points as compared to 10.4% in 2024. The decrease in gross profit margin for property engineering services was mainly due to the increase in construction costs.

### Administrative expenses

The Group's administrative expenses for the year amounted to RMB95.2 million, representing an increase of 2.3% as compared to RMB93.1 million in 2024, also representing 10.5% of revenue (2024: representing 10.7% of revenue). The increase was mainly due to the increase in personnel costs associated with business development efforts.

### Other income

The Group's other income for the year amounted to RMB4.2 million, representing a decrease of 84.4% as compared to RMB26.9 million last year. The decrease was primarily attributable to the decrease in current interest income.

### Income tax expense

The Group's income tax expense for the year amounted to RMB30.6 million, representing an increase of RMB26.9 million as compared to RMB3.7 million last year. The increase in income tax expense for the year was mainly attributable to a decrease in deferred income tax assets recognised during the year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit

During the year, the Group's net profit for the year amounted to RMB99.4 million, representing an increase of 12.2% as compared to RMB88.6 million last year, mainly due to business growth arising from the growth in the Group's GFA under management.

During the year, profit attributable to the Shareholders for the year amounted to RMB97.8 million, representing an increase of RMB10.8 million or 12.4% as compared to RMB87.0 million of that in last year. Basic earnings per share was RMB16.49 cents (2024: RMB15.08 cents).

### Current assets, reserves and capital structure

The Group maintained a sound financial position during the year. As at 31 December 2025, current assets amounted to RMB1,064.4 million, representing an increase of 2.4% as compared to RMB1,039.8 million as at 31 December 2024, mainly due to the increase in accounts receivable from customers resulting from the increase in scale.

As at 31 December 2025, the Group's total equity was RMB658.4 million, representing an increase of RMB69.7 million or 11.8% as compared to RMB588.7 million as at 31 December 2024, mainly due to the profit for the period.

### Property, plant and equipment

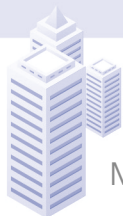
As at 31 December 2025, the Group's net property, plant and equipment amounted to RMB11.9 million, representing a decrease of 10.5% as compared to RMB13.3 million as at 31 December 2024, mainly due to the procurement of office equipment and machinery to accommodate the business development needs of the Group, which was partially offset by depreciation for the year.

### Intangible assets

As at 31 December 2025, the book value of the Group's intangible assets was RMB34.2 million, representing a decrease of 12.1% as compared to RMB38.9 million as at 31 December 2024, mainly due to the procurement of intangible assets to accommodate the business development needs of the Group, which was partially offset by amortization for the year. The Group's intangible assets mainly comprise (i) the Xinyuan Property Integrated Management Platform System; (ii) the Xinyuan Property Call Centre System; (iii) the electronic invoice tax control invoicing system; (iv) FineReport software; (v) cost management system; and (vi) operating rights of property.

### Trade receivables

As at 31 December 2025, trade receivables amounted to RMB331.4 million, representing an increase of 2.0% as compared to RMB324.8 million as at 31 December 2024, mainly due to business growth arising from the growth in the Group's GFA under management and slow settlement of certain third parties and related parties.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Prepayments and other receivables

Our prepayments and other receivables mainly comprised (i) prepayments; (ii) payments to related parties; (iii) deposit; and (iv) other receivables. As of 31 December 2025, the Group's prepayments and other receivables was approximately RMB490.3 million, representing an increase of approximately RMB94.0 million as compared to approximately RMB396.3 million as at 31 December 2024. The increase was mainly due to the decrease in provision for impairment allowance.

### Trade payables

As at 31 December 2025, trade payables amounted to RMB161.9 million, representing an increase of 11.7% as compared to RMB145.0 million as at 31 December 2024. The increase was mainly attributable to the increase in the amount of outstanding payables for goods and services at present.

### Other payables and accruals

The Group's other payables and accruals mainly comprised (i) non-trade payables to related parties; (ii) deposits and temporary receipts from property owners; and (iii) payroll payables and other taxes payable. As of 31 December 2025, the Group's other payables and accruals (other than contract liabilities) amounted to approximately RMB240.5 million, representing a decrease of approximately 9.0% as compared to approximately RMB264.2 million as at 31 December 2024. The decrease was primarily attributable to the normal refund of deposits and temporary receipts from property owners.

### Contract liabilities

The Group's contract liabilities mainly resulted from the advance payments received from customers while the underlying services are yet to be provided. As of 31 December 2025, our contract liabilities were approximately RMB125.0 million, representing a decrease of 13.5% as compared to approximately RMB144.5 million as at 31 December 2024, mainly due to the Group's year-end focus on enhancing service quality for property owners, which led to a slowdown in property management fee prepayment activities during the year.

### Borrowings

As of 31 December 2025, the Group had no borrowings or bank loans.

### Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of long-term and short-term interest-bearing bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 31 December 2025, gearing ratio was nil.

### Pledged assets

As at 31 December 2025, the Group had no pledged assets.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Material acquisitions

The Group had no material acquisitions of subsidiaries, associates or joint ventures during the year.

### Material disposals

The Group had no material disposals of subsidiaries, associates or joint ventures during the year.

### Significant investments

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

### Contingent liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

### Exchange rate risk

The Group's principal business is conducted in the PRC where most of the Group's revenue and expenses are denominated in RMB. Accordingly, save for certain bank balances that were denominated in Hong Kong dollars, the Group was not exposed to material risk directly related to foreign exchange rate fluctuation. Currently, the Group has not entered into any forward contracts to hedge its exchange rate risk, although management will continue to monitor foreign exchange risk and take cautionary measures to minimize foreign exchange risk.

### Employment and remuneration policy

As at 31 December 2025, the Group had 2,139 employees (31 December 2024: approximately 2,166 employees). The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as a reward for their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees. In addition, the Company adopted a post-IPO share option scheme on 16 September 2019 (the "**Share Option Scheme**") which enables the Directors to grant share options to the Group's employees in order to retain elite personnel and to provide reward and incentive for their contributions to the Group. No share option thereof was granted during the year. The termination of the Share Option Scheme was approved by the Shareholders on 7 August 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Use of Proceeds from the Listing

On 11 October 2019, the shares of the Company were successfully listed (the “**Listing**”) on the Main Board of the Stock Exchange. After deducting underwriting fees and related expenses, net proceeds from the Listing was approximately RMB197.2 million (the “**Listing Net Proceeds**”).

Up to 23 June 2022, the Group utilised approximately RMB79.3 million of the Listing Net Proceeds, with approximately RMB117.9 million of which remained unutilised (the “**Unutilised Listing Net Proceeds**”). Details of the use of the Listing Net Proceeds are as follows:

Use of Listing Net Proceeds	Planned use of Listing Net Proceeds to be used RMB million	Actual use of Listing Net Proceeds from the Listing Date to 31 December 2021 RMB million	Unutilised Listing Net Proceeds up to 31 December 2021 RMB million	Actual use of Listing Net Proceeds from 1 January 2022 to 23 June 2022 RMB million	Unutilised Listing Net Proceeds up to 23 June 2022 RMB million
To expand our property management services, seek strategic acquisition and investment opportunities	118.3	22.2	96.1	0.8	95.3
To expand the types of services offered in our value-added services business line	29.6	22.8	6.8	2.0	4.8
To upgrade and develop our own information technology and smart systems	29.6	6.6	23.0	5.2	17.8
Funding our working capital needs and other general corporate purposes	19.7	19.7	–	–	–
<b>Total</b>	<b>197.2</b>	<b>71.3</b>	<b>125.9</b>	<b>8.0</b>	<b>117.9</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

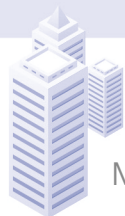
### Use of Proceeds from the 2020 Placing

Reference is made to the Company's announcements dated 3 July 2020 and 15 July 2020 (collectively, the "**2020 Placing Announcements**"). On 3 July 2020, the Company entered into a placing agreement (the "**Placing Agreement**") with Guotai Junan Securities (Hong Kong) Limited and Valuable Capital Limited (the "**2020 Placing Agents**"), pursuant to which, the 2020 Placing Agents (each on a several but not joint nor joint and several basis) conditionally agreed to procure, as agents of the Company, not less than six (6) placees (the "**2020 Placees**") on a best effort basis for up to an aggregate of 50,000,000 ordinary shares at the placing price of HK\$2.60 per placing share on the terms and subject to the conditions set out in the Placing Agreement (the "**2020 Placing**"). The maximum aggregate nominal value of the placing shares under the 2020 Placing was HK\$500. The market price of the placing shares was HK\$2.86 per share as quoted on the Stock Exchange on 3 July 2020, being the date of the Placing Agreement. The net price of the placing shares was approximately HK\$2.54 per share.

The Directors considered that the 2020 Placing will strengthen the Group's financial position, broaden the Shareholder base and was in the interests of the Company and its Shareholders as a whole.

Completion of the 2020 Placing took place on 15 July 2020, a total of 50,000,000 placing shares were placed by the 2020 Placing Agents to the 2020 Placees at the placing price of HK\$2.60 per placing share.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the 2020 Placees and their respective ultimate beneficial owner(s), as applicable, are parties independent of the Company and not acting in concert with the connected persons of the Company and are not parties acting in concert with each of the other 2020 Placees procured by the 2020 Placing Agents under the Placing Agreement.



## MANAGEMENT DISCUSSION AND ANALYSIS

The 2020 Placing Net Proceeds amounted to RMB115.0 million (the “**2020 Placing Net Proceeds**”). Up to 23 June 2022, approximately RMB11.5 million of the 2020 Placing Net Proceeds had been utilised by the Group and approximately RMB103.5 million of the 2020 Placing Net Proceeds remained unutilised (the “**Unutilised 2020 Placing Net Proceeds**”). Details of the use of the 2020 Placing Net Proceeds were as follows:

	Planned amount of 2020 Placing Net Proceeds to be used RMB million	Actual use of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Unutilised amount of 2020 Placing Net Proceeds up to 31 December 2021 RMB million	Actual use of 2020 Placing Net Proceeds from 1 January 2022 to 23 June 2022 RMB million	Unutilised Amount of 2020 Placing Net Proceeds up to 23 June 2022 RMB million
Business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group’s smart systems	69.0	–	69.0	–	69.0
Strategic investment in businesses or targets that are related to the Group’s principal businesses	34.5	–	34.5	–	34.5
General working capital	11.5	11.5	–	–	–
<b>Total</b>	<b>115.0</b>	<b>11.5</b>	<b>103.5</b>	<b>–</b>	<b>103.5</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

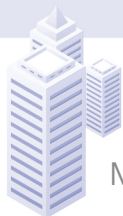
### Use of Proceeds from the Subscription

Reference is made to the Company's announcements dated 25 January 2021 and 8 February 2021 (collectively, the **"2021 Placing and Subscription Announcements"**). On 25 January 2021, the Company entered into the placing and subscription agreement (the **"2021 Placing and Subscription Agreement"**) with Xinyuan Real Estate, Ltd. (the **"Vendor"**) and Guotai Junan Securities (Hong Kong) Limited (the **"2021 Placing Agent"**), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agent, and the 2021 Placing Agent agreed to act as an agent of the Vendor to procure not less than six (6) placees, on a best effort basis, to purchase up to 18,000,000 ordinary shares of the Company (the **"Placing Shares"**) at the price of HK\$2.10 per Placing Share (the **"2021 Placing"**); and (ii) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 18,000,000 new ordinary shares of the Company (the **"Subscription Shares"**) at the price of HK\$2.06 per Subscription Share (the **"Subscription"**). The maximum aggregate nominal value of the Subscription Shares was HK\$180. The market price of the shares of the Company was HK\$2.28 per share as quoted on the Stock Exchange on 25 January 2021, being the date of the 2021 Placing and Subscription Agreement.

The 2021 Placing and the Subscription were conducted by the Company as the Directors were of the view that (i) they shall provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC; and (ii) they shall also strengthen the financial position and to broaden the shareholder base and capital base of the Group.

Completion of the 2021 Placing took place on 27 January 2021 and completion of the Subscription took place on 8 February 2021. A total of 18,000,000 Placing Shares have been successfully placed by the 2021 Placing Agent to the placees. A total of 18,000,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 29 May 2020.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the placees of the 2021 Placing were individual, professional or institutional investors that were independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor. None of such placees had become a substantial Shareholder immediately after completion of the 2021 Placing.



## MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds from the Subscription are approximately HK\$31.2 million (the “**Subscription Net Proceeds**”). The net price per 2021 Subscription Shares amounted to approximately HK\$2.06. Up to 23 June 2022, (i) approximately RMB7.8 million of the Subscription Net Proceeds had been utilised in the manner in line with that were set out in the 2021 Placing and Subscription Announcements; and (ii) approximately RMB23.4 million of the Subscription Net Proceeds remained unutilised (the “**Unutilised Subscription Net Proceeds**”). Details of the use of the Subscription Net Proceeds were as follows:

Use of Subscription Net Proceeds	Planned amount of Subscription Net Proceeds to be used RMB million	Actual use of	Unutilised	Actual use of	Unutilised
		Subscription Net Proceeds up to 31 December 2021 RMB million	amount of Subscription Net Proceeds up to 31 December 2021 RMB million	Subscription Net Proceeds from 1 January 2022 to 23 June 2022 RMB million	amount of Subscription Net Proceeds up to 23 June 2022 RMB million
Approximately 75% strategic investment in businesses or targets that are related to property management services	23.4	–	23.4	–	23.4
Approximately 25% for general working capital of the Group	7.8	7.8	–	–	–
Total	31.2	7.8	23.4	–	23.4

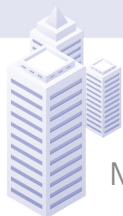


## MANAGEMENT DISCUSSION AND ANALYSIS

### Change of Use of Proceeds

Reference is made to the announcement of the Company dated 23 June 2022. On 23 June 2022, the Board resolved to revise the use of the Unutilised Listing Net Proceeds, the Unutilised 2020 Placing Net Proceeds and the Unutilised Subscription Net Proceeds, which in aggregate amounted to approximately RMB244.8 million (the “**Total Unutilised Proceeds**”), in a combined manner as set out in the Company’s announcement dated 23 June 2022 (the “**Revised Use of Total Unutilised Proceeds**”). Up to 31 December 2025, the Group utilized approximately RMB172.2 million of the Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds. Details of the use of Total Unutilised Proceeds pursuant to the Revised Use of Total Unutilised Proceeds up to 31 December 2025 were as follows:

	Allocated percentage of Total Unutilised Proceeds %	Allocated Total Unutilised Proceeds as at 23 June 2022 RMB million	Total unused amount of Unutilised Proceeds as at 1 January 2025 RMB million	Actual use	Unused amount of Total Unutilised Proceeds up to 31 December 2025 RMB million	Expected timeline for the use of Total Unutilised Proceeds
				of Total Unutilised Proceeds from 1 January 2025 to 31 December 2025 RMB million		
To pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of the Group’s property management, value-added services and property engineering businesses, which include acquiring or investing in companies engaged in businesses related to property management, value-added services or property engineering, or forming joint ventures with such companies, and investing in related industrial funds with business collaborative partners	30	73.4	70.4	2.7	67.7	30 September 2026



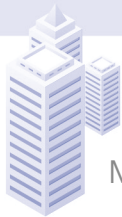
## MANAGEMENT DISCUSSION AND ANALYSIS

	Allocated percentage of Total Unutilised Proceeds %	Allocated Total Unutilised Proceeds as at 23 June 2022 RMB million	Total unused amount of Unutilised Proceeds as at 1 January 2025 RMB million	Actual use of Total Unutilised Proceeds from 1 January 2025 to 31 December 2025 RMB million	Unused amount of Total Unutilised Proceeds up to 31 December 2025 RMB million	Expected timeline for the use of Total Unutilised Proceeds
<b>Revised Use of Total Unutilised Proceeds</b>						
To further develop the Group's value-added services, which include the development of value-added products and services related to service scenarios such as communities, commercial offices and urban management, as well as assets, the upgrading of software and hardware and the development of smart community and commercial facilities operation services, and the development of value-added services related to commercial operations such as office buildings and industrial parks	20	49.0	14.8	14.8	–	



## MANAGEMENT DISCUSSION AND ANALYSIS

	Allocated percentage of Total Unutilised Proceeds %	Allocated Total Unutilised Proceeds as at 23 June 2022 RMB million	Total unused amount of Unutilised Proceeds as at 1 January 2025 RMB million	Actual use	Unused amount of Total Unutilised Proceeds up to 31 December 2025 RMB million	Expected timeline for the use of Total Unutilised Proceeds
				of Total Unutilised Proceeds from 1 January 2025 to 31 December 2025 RMB million		
To upgrade the Group's systems of digitisation and smart management, which include the purchase, upgrade and research and development of software, hardware and related services for building smart terminals and Internet of Things platforms, the construction and development of information sharing platforms and databases, the recruitment and development of professional and technical staff and information management teams, the investment in companies engaged in businesses related to technological industries, and the commencement of research and development for innovative applications related to the Group's business	30	73.4	25.2	20.3	4.9	30 September 2026
Working capital and general corporate purposes	20	49.0	–	–	–	
<b>Total</b>	<b>100</b>	<b>244.8</b>	<b>110.4</b>	<b>37.8</b>	<b>72.6</b>	



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the unused portion of the Total Unutilised Proceeds are placed at a licensed bank in the PRC. The expected timeline for using the unused portion of the Total Unutilised Proceeds has been delayed from 30 September 2025 as disclosed in the Company's 2024 annual report to 30 September 2026 due to actual business needs. Other than that, the Directors are not aware of, and do not anticipate any material delay or change in the use of proceeds from the Revised Use of Total Unutilised Proceeds, and will continue to assess the plans in relation to the planned allocation of the unused portion of the Total Unutilised Proceeds. The Directors may modify or amend the relevant plans as necessary in order to address the changing market conditions, and strive for the Group to achieve better business performance.



# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. SHEN Yuan-Ching (申元慶) ("Mr. Shen")**, aged 61, was appointed as an independent non-executive Director on 13 April 2022 and was appointed as the vice chairman of the Board and the authorised representative of the Company on 29 August 2022. He was re-designated as an executive Director, resigned as a member of the audit committee of the Company (the "**Audit Committee**"), was re-designated from vice chairman of the Board to chairman of the Board, and was appointed as chief executive officer of the Company on 19 September 2022. Mr. Shen is also a member of the remuneration committee of the Company (the "**Remuneration Committee**") and the chairman of the nomination committee of the Company (the "**Nomination Committee**").

From May 2020 to September 2022, Mr. Shen served as the chief executive officer of VNET Group Inc. (a company listed on NASDAQ, stock ticker: VNET) and the executive chairman of Neolink Tech Group Inc., a wholly-owned subsidiary of VNET Group. From May 2018 to September 2022, Mr. Shen served as an independent non-executive Director of Xinyuan Real Estate Co., Ltd. (a company listed on the New York Stock Exchange, stock code: XIN, during the year and delisted on 16 January 2026). Mr. Shen also served as an independent Director of Kingdee International Software Group Co., Ltd. (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 0268) from January 2018 to March 2020 and Insigma Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600797) from January 2016 to July 2021. From September 2017 to January 2020, Mr. Shen was the president of JD Cloud, the cloud business unit under JD.com, Inc., China largest online retailer. Mr. Shen served as a non-executive Director of Inspur International Limited (currently known as Inspur Digital Enterprise Technology Limited, a company listed on The Stock Exchange of Hong Kong Limited, stock code: 596) from September 2012 to March 2018. Mr. Shen formerly held various senior positions at Microsoft Corporation.

Mr. Shen obtained a Master's Degree in Computer Science from the University of California. Mr. Shen has over 30 years of extensive management experience in large multinational companies and internet technology service companies.

**Mr. FENG Bo (馮波) ("Mr. Feng")**, aged 47, was appointed as an executive Director on 29 August 2022.

Mr. Feng has extensive experience in corporate governance, the real estate industry and technology industry. From July 2000 to December 2006, he served as assistant engineer of property management department of Wuhan Plaza Management Co., Ltd. From December 2006 to August 2008, Mr. Feng successively served as the assistant to general manager and manager of the administrative personnel department of Henan Xinyuan Property Management Service Co., Ltd. From August 2008 to October 2015, he successively served as the administrative manager of the human resources center, secretary to the chairman, manager of the office of secretaries and manager of the office of the board of directors of Xinyuan Real Estate Co., Ltd. From October 2015 to November 2017, Mr. Feng served as vice president of human resources of Beijing I-Journey Science and Technology Development Co., Ltd. From November 2017 to May 2022, he successively served as manager of the office of the board of directors, assistant to the



## DIRECTORS AND SENIOR MANAGEMENT

chairman of Xinyuan Real Estate Co., Ltd. and vice president of Xinyuan Science and Technology Service Group Co., Ltd (“**Xinyuan Science**”). From May 2022 to present, Mr. Feng served as vice president of the Company.

Mr. Feng obtained a bachelor’s degree in mechanical engineering automation and a master’s degree in business administration both from Huazhong University of Science and Technology.

**Mr. WANG Yong (王勇) (“Mr. Wang”)**, aged 48, was appointed as an executive Director and the chief financial officer on 21 October 2022.

Mr. Wang has over 20 years of experience in financial management, product R&D and management, investment and M&A, equity financing and listing of companies, and possesses expertise in delivering ecological and platform value to the capital market.

Mr. Wang holds a master’s degree in business administration from the Kellogg School of Management at Northwestern University and a master’s degree from the School of Information and Communication Engineering at Beijing University of Posts and Telecommunications.

Mr. Wang obtained the qualifications of certified management accountant of the PRC and Certified Practising Accountant (Australia) in 2005.

From October 2021 to October 2022, Mr. Wang served as chief financial officer of Neolink Tech Group Inc., a wholly-owned subsidiary of VNET Group Inc. (a company listed on NASDAQ, stock ticker: VNET), and was responsible for all financial activities, financing and spin-off related work. From May to October 2021, Mr. Wang served as chief financial officer of Gome Online\* (國美在線), an online e-commerce platform operated by GOME Retail Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 0493), and was responsible for financial management, financing and listing related work. From 2019 to 2021, Mr. Wang served as chief financial officer of CDP Group, a human resource technology SaaS and services company, and was responsible for financial management, equity financing and U.S. stock listing related work. From September 2017 to February 2019, Mr. Wang served as vice president of strategy of Sunlands Technology Group (a company listed on the New York Stock Exchange, stock ticker: STG), an online post-secondary and professional education organisation, and was responsible for capital market and listing related work. From 2010 to 2017, Mr. Wang worked in the field of corporate finance and asset management at the Hong Kong offices of Morgan Stanley, Deutsche Bank and JPMorgan Chase. From 2003 to 2008, Mr. Wang served as R&D engineer and head of R&D of Intel China’s software research and development business unit\* (英特爾中國軟體研發事業群).



## DIRECTORS AND SENIOR MANAGEMENT

## NON-EXECUTIVE DIRECTOR

**Mr. TIAN Wenzhi (田文智) (“Mr. Tian”)**, aged 55, was appointed as a non-executive Director on 21 October 2022.

Mr. Tian has over 20 years of executive experience in large enterprises. He has worked in several multi-national management consulting firms where he was engaged in corporate strategy and organisational talent consulting and has over 14 years of management consulting experience. Mr. Tian also has extensive experience in governance of listed companies having held the position of external Director of several listed companies where he served as a member of their remuneration and performance committee and nomination committee.

Mr. Tian obtained a bachelor’s degree in management from the Department of Accounting, Qingdao University in 1995, and obtained a master’s degree in business administration in engineering management from the Tsinghua University School of Economics and Management, and a finance executive master’s degree in business administration from PBCSF Tsinghua University in 1998 and 2020, respectively. Mr. Tian is a fellow member of the Association of Chartered Certified Accountants and has been certified as a Project Management Professional by the Project Management Institute.

Since June 2016, Mr. Tian has served as the former presidents of external holding companies, executive Director (also as a member of the remuneration and performance committee and the nomination committee), external Director (also as a member of the remuneration and performance committee) of Xinyuan Real Estate Co., Ltd., (a company listed on The New York Stock Exchange, stock ticker: XIN, during the year and delisted on 16 January 2026) and Xinyuan (China) Real Estate, Ltd. Mr. Tian is currently the specialist consultant of the board of Xinyuan Group. Mr. Tian served as a senior global partner of Korn Ferry (US) and the person in charge of the China corporate strategy and leadership consulting business from February 2014 to May 2016. From March 2008 to February 2014, Mr. Tian served as the vice-president of Aon Consulting in China and the general manager of the northern China region. From August 2006 to March 2008, Mr. Tian served as the senior Director of organisational talent reform and consulting at Accenture (a company listed on The New York Stock Exchange, stock ticker: ACN). From March 2003 to August 2006, Mr. Tian served as the Director of business development and head consultant of Hewitt Consulting (now Aon Hewitt Consulting, a company listed on The New York Stock Exchange, stock ticker: HEW) in northern China. From December 1997 to March 2003, Mr. Tian served as the project manager/product director of Bell Labs, Lucent Technologies, Inc.



## DIRECTORS AND SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LAN Ye (藍燁) ("Mr. Lan")**, aged 56, was appointed as an independent non-executive Director on 21 October 2022. He is a member of the Audit Committee and the Nomination Committee.

Mr. Lan has over 30 years of management experience in large enterprises and holds an executive master's degree in business administration from Tsinghua University. From June 2019 to June 2024, Mr. Lan has served as senior vice president and data intelligence business group president of Lenovo Group Limited ("**Lenovo Group**", a company listed on The Stock Exchange of Hong Kong Limited, stock code: 992), leading and managing the data intelligence business, which is a focus business based on industrial digital transformation in China and supports the intelligent strategic direction of the Lenovo Group, including an enterprise-level self-developed software platform which serves the IIoT and personalised services to meet the demands of industrial integrated application and development.

From November 2011 to June 2019, Mr Lan served as executive vice president of JD.com, Inc. ("**JD.com**", a company listed on The Stock Exchange of Hong Kong Limited, stock code: 9618; and listed on NASDAQ, stock ticker: JD), and also held positions in the JD.com group as chief marketing officer and chief public affairs officer, responsible for all purchase and sales operations as well as operation and management of the marketing system of the group. From 2009 to 2011, Mr. Lan served as president and chief executive of Prime Square Technologies Limited\* (方正科技有限公司), and was responsible for all operations and management of the company. From 1993 to 2008, Mr Lan served as vice president of Lenovo Group, and was responsible for all sales operations in the China region.

**Mr. LI Yifan (李軼梵) ("Mr. Li")**, aged 58, was appointed as an independent non-executive Director on 16 September 2019. He is the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Li is an independent non-executive Director of Frontage Holdings Corporation (stock code: 1521) and Everest Medicines Limited (stock code: 1952), which are listed on The Stock Exchange of Hong Kong Limited. Mr. Li is also an independent Director of High Templar Tech Limited (formerly known as Qudian Inc., stock ticker: HTT), which is listed on The New York Stock Exchange, and an independent director of 36Kr Holdings Inc. (stock ticker: KRKR) (a company listed on NASDAQ). Mr. Li has been appointed as an independent Director of Xinyuan Real Estate Co., Ltd. (stock ticker: XIN) (a company listed on The New York Stock Exchange during the year and delisted on 16 January 2026) since 23 February 2017. He has served as the chief financial officer of Human Horizons Group Inc. since April 2021. Mr. Li resigned as a Director



## DIRECTORS AND SENIOR MANAGEMENT

of Heilongjiang Interchina Water Treatment Co., Ltd. (stock code: 600187) and Shanghai International Port (Group) Co. Ltd. (stock code: 600018) on 13 May 2021 and 15 September 2021 respectively, which are listed on the Shanghai Stock Exchange. He resigned as an independent Director of Zhejiang Tiantie Industry Co., Ltd. (stock code: 300587) (a company listed on the Shenzhen Stock Exchange) on 16 April 2021 and Sunlands Technology Group (stock ticker: STG) (a company listed on the New York Stock Exchange) on 31 May 2024, and also resigned as an independent non-executive Director of Zhongan Online P & C Insurance Co., Ltd. (stock code: 6060) (a company listed on The Stock Exchange of Hong Kong Limited) on 20 July 2021. From October 2014 to April 2021, Mr. Li was a Director and vice president of Zhejiang Geely Holding Group Co., Ltd.

Mr. Li obtained a bachelor's degree of economics in world economy from Fudan University in the People's Republic of China (the "PRC") in July 1989, a master's degree of science in management and administrative sciences from the University of Texas at Dallas in the United States in May 1994 and a master's degree of business administration from the University of Chicago in the United States in June 2000.

Mr. Li has been registered with The State of Texas State Board of Public Accountancy as a certified public accountant in April 1995, admitted as a member by the American Institute of Certified Public Accountants and registered as a chartered global management accountant with the American Institute of Certified Public Accountants in September 1995 and January 2015 respectively.

**Mr. LING Chenkai (凌晨凱) ("Mr. Ling")**, aged 49, was appointed as an independent non-executive Director on 21 October 2022. He is the chairman of the Remuneration Committee and a member of the Nomination Committee.

Mr. Ling has over 20 years of extensive working experience. He obtained a bachelor's degree in systems engineering from the University of Shanghai for Science and Technology in June 1998 and obtained a master's degree in information management and systems from Tongji University in June 2000. Mr. Ling also obtained a master's degree in business management from the Tuck School of Business at Dartmouth College in June 2008 and was a Tuck School of Business scholarship recipient.

Since 2021, Mr. Ling has been serving as managing Director of PAG Asia Capital (HK) Limited\* (太盟亞洲資本). Previously, Mr. Ling held several positions at JD.com, Inc. (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 9618; and listed on NASDAQ, stock ticker: JD), serving as corporate vice president from 2016 to 2021; as head of strategy and investment of retail subsidiaries as well as special assistant to chief executive of retail subsidiaries/head of general management department (including public affairs) from 2019 to 2021; as general manager of retail solutions in 2019; as head of corporate strategy and investment from 2016 to 2019; and head of international business from 2018 to 2019.



## DIRECTORS AND SENIOR MANAGEMENT

Mr. Ling served as a Director of Beijing Bitauto Internet Information Co., Ltd. (a company delisted on The New York Stock Exchange in 2020) from 2020 to 2021. Mr. Ling served as a non-executive Director of Yixin Group Limited (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 2858) from 2017 to 2021. Mr. Ling held several positions at Bain & Company, Inc. from 2008 to 2016, with his last position as an associate principal of the firm. His fields of expertise includes strategy, operational improvement, digital transformation and private equity post-investment management. Mr. Ling was co-founder of Shanghai Linbo Information Technology Limited\* (上海鄰波信息技術有限公司) and served as general manager from 2002 to 2006, mainly responsible for designing the business model and formulating development strategy. Mr. Ling was an engineer with Microsoft Corporation from 2000 to 2002, responsible for providing technical support to Microsoft's North American desktop users as well as providing technical consulting to Microsoft Asian server users.

**Ms. ZHAO Xia (趙霞) ("Ms. Zhao")**, aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee on 8 April 2024. Ms. Zhao was appointed as a member of the Nomination Committee on 30 June 2025.

Ms. Zhao holds (i) a bachelor's degree in law from the Northwest University of Political Science and Law; (ii) a master's degree in law (civil and commercial law) from the Wuhan University; (iii) a degree of master of common law from The University of Hong Kong; and (iv) a juris doctor degree from the Renmin University of China. Ms. Zhao was a postdoctoral researcher and assistant researcher at the China Institute of Applied Law of the Supreme Court of the People's Republic of China from September 2016 to March 2020 and fourth-level senior judge of the Shenzhen Intermediate People's Court from July 2002 to June 2019. She has also been an associate professor and master's students' tutor at the Chinese University of Political Science and Law since March 2020.

## SENIOR MANAGEMENT

**Mr. WANG Yantao (王彥濤) ("Mr. YT Wang")**, aged 46, the vice president of Xinyuan Science, is responsible for overseeing property management and business development of the Group. Mr. YT Wang joined the Group in February 2003 as a customer service officer. He was appointed as the business executive of Xinyuan Science in January 2012 and has been appointed as the vice president of Xinyuan Science since June 2016. Since April 2023, he has been appointed as president of the property management department of Xinyuan Science.

Mr. YT Wang obtained a diploma in property management from Henan Business School of High Education (河南商業高等專科學校) in the PRC in July 2003 and a master's degree in business administration from Zhengzhou University (鄭州大學) in the PRC in December 2015.



## DIRECTORS AND SENIOR MANAGEMENT

**Ms. Cai Wenyan (蔡文艷) ("Ms. Cai")**, aged 51, is the President of Xinyuan Commercial Management Business Division, responsible for the Group's commercial management business. She has long been engaged in commercial operation management and asset management, having served as General Manager of Yuhong Property Company, General Manager of Xinyuan Property, General Manager of Xinyuan Group Human Resources Centre, Deputy General Manager of Xinyuan Commercial and General Manager of Central China Region, and President of Xinyuan Commercial Management. Ms. Cai has been appointed as President of Xinyuan Technology Commercial Management Business Division since November 2023. Ms. Cai obtained an undergraduate diploma in Economic Management from the Central Party School in 2001, an MBA diploma in Business Administration from Renmin University of China in 2009, and an EMBA diploma in Business Administration from Nankai University in 2013.

**Mr. TANG Yucao (湯宇操) ("Mr. Tang")**, aged 46, the president of the diversified business department of Xinyuan Science, is responsible for management of the Group's diversified business. He is a veteran in strategy, investment and M&A operations, and has worked successively as human resources and investment head at Neolink, cloud and AI strategy and investment head at JD Cloud, M&A and investment general manager at Galaxy Internet Group, managing partner at StratOp Group. Mr. Tang has been appointed vice president of Xinyuan Science since September 2022 and was appointed president of the diversified business department of Xinyuan Services in April 2023.

Mr. Tang obtained a diploma in hydraulic engineering from Tsinghua University in 2007 and a Master's degree from the University of Texas at Austin in 2009.

**Ms. ZHANG Rong (張蓉) ("Ms. Zhang")**, aged 55, the operations chief manager of Xinyuan Science, is responsible for overseeing business operations and performance appraisal. Ms. Zhang joined the Group in August 2006 as a quality control supervisor with Xinyuan Science. She was appointed as an administrative executive of Xinyuan Science in January 2012 and has been appointed as the operations chief manager of Xinyuan Science since April 2017.

From September 1991 to August 2002, Ms. Zhang acted as the office manager at Xinyang Port Transportation Machinery Factory (信陽港口運輸機械廠). From August 2002 to August 2006, she acted as the management representative and project manager at Zhengzhou XSJ Property Services Ltd. (鄭州新世紀物業服務有限公司).

Ms. Zhang obtained a college degree in library science from Zhengzhou University (鄭州大學) in the PRC in June 1991 and a bachelor's degree in law from Second Artillery Command College (第二炮兵指揮學院) in the PRC in June 2001. She has been registered as a member in the specialty of file with Xinyang Municipal People's Government (信陽市人民政府) since April 2001, a property manager with Department of Human Resources and Social Security of Zhengzhou (鄭州市人力資源和社會保障局) since October 2010. Further, she completed state-owned or mid-sized corporations management personnel business administration training with Henan Finance and Economics School (河南財經學院) in the PRC in June 1999. She has been registered as a First Level Corporate Human Resources Manager with the Ministry of Human Resources and Social Security, the PRC since December 2012.



## DIRECTORS AND SENIOR MANAGEMENT

**Ms. Lu Lang (盧朗) (Ms. Lu)**, aged 37, is the General Manager of the Human Resources System of Xinyuan Science, responsible for the Group's human resources and the administrative management of the Group's Beijing head office. She has over seven years of frontline business operation experience and more than seven years of professional comprehensive human resources management experience. She previously served as the HRD of the business team at 21Vianet. She joined Xinyuan Science in May 2024 as the General Manager of the Business Unit BP Centre, and assumed the role of General Manager of the Group's Human Resources System in July 2025. Ms. Lu holds a bachelor's degree from Beijing University of Posts and Telecommunications.

**Mr. HUANG Jinfu (黃金甫) ("Mr. Huang")**, aged 46, the general manager of the planning centre of the office of the board of directors of Xinyuan Science, is responsible for the affairs of the office of the board of directors and strategic planning. He worked successively at Northeast General Pharmaceutical Factory, Xinyuan Property, Lushang Services, Evergrande Property, before joining Xinyuan Science in 2012. He was appointed business president of Xinyuan Science in April 2015, later serving as information president, strategy president and president of the office of the board of directors. Since April 2023, he has been appointed general manager of the planning centre of the office of the board of directors of Xinyuan Science. Since September 2024, he has also been the General Manager of the capital market center.

Mr. Huang obtained a diploma in Economics from Harbin University of Science and Technology in 2003.



# CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance. The directors of the Company (the “**Directors**”) believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing Shareholders’ interests.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted 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**”) as its own code of corporate governance. Throughout the year 2025, the Company has complied with all the code provisions set out in Part 2 of the CG Code, save for the following:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. Despite deviating from such code provision of the CG Code, the Board believes that Mr. SHEN Yuan-Ching is familiar with the Company’s business operations and vesting the roles of both the chairman of the Board and chief executive officer of the Company in the same person can facilitate the execution of the Group’s business strategies, boost effectiveness of its operation and improve the efficiency of overall strategic planning for the Company. Under the Board’s supervision, it ensures that the Board remains appropriately structured with the balance of power to provide sufficient checks for protecting the interests of the Company and its Shareholders. The Board will continue to review and consider splitting the roles of the Chairman of the Board and the Chief Executive Officer of the Company at an appropriate time if necessary, taking into account the circumstances of the Group as a whole.

## THE BOARD

### Responsibilities

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



## CORPORATE GOVERNANCE REPORT

Save as disclosed above, the Company supports the division of responsibility between the Chairman and the Chief Executive Officer in order to ensure a balance of power and authority and preserve a balance judgement of views. The Chairman of the Board is responsible for leading the Board, giving weighty strategic advice of development and overseeing the Company in formulating regulatory plans in corporate governance of the Group while the Chief Executive Officer is responsible for leading the senior management of the Company, advising strategic directions, setting business goals, supervising the daily management as well as the business operations and development of the Group.

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

### Board Composition

As at the date of this annual report, the Board comprises eight Directors, including three executive Directors, one non-executive Director and four independent non-executive Directors as set out below:

#### Executive Directors

Mr. SHEN Yuan-Ching (*Chairman*)

Mr. FENG Bo

Mr. WANG Yong

#### Non-executive Director

Mr. TIAN Wenzhi

#### Independent Non-executive Directors

Mr. LAN Ye

Mr. LI Yifan

Mr. LING Chenkai

Ms. ZHAO Xia

All Directors have distinguished themselves in their field of expertise, and have exhibit high standards of personal and professional ethics and integrity. The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.



## CORPORATE GOVERNANCE REPORT

The Company complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive director representing at least one-third of the Board and at least one of the independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them has satisfied his/her independence to the Group.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments and any changes to the Company in a timely manner.

### INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

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 also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties pursuant to code provision D.1.2 of the CG Code.

Pursuant to code provision of the CG Code, Directors have participated in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.



## CORPORATE GOVERNANCE REPORT

Below is the record of participation in continuous professional development programme by the Directors during the year ended 31 December 2025 relevant to the directors' duties and responsibilities, regulatory updates and business, financial and operational matters of the Group.

	Attending seminars/ conferences/ forums	Giving talks at seminars/ conferences/ forums	Reading materials
<b>Executive Directors</b>			
Mr. SHEN Yuan-Ching ( <i>Chairman</i> )	✓	✓	✓
Mr. FENG Bo	✓	✓	✓
Mr. WANG Yong	✓	✓	✓
<b>Non-executive Director</b>			
Mr. TIAN Wenzhi	✓	✓	✓
<b>Independent non-executive Directors</b>			
Mr. LAN Ye	✓	✓	✓
Mr. LI Yifan	✓	✓	✓
Mr. LING Chenkai	✓	✓	✓
Ms. ZHAO Xia	✓	✓	✓

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**") or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of the non-executive Director and independent non-executive Directors has entered a letter of appointment with the Company for a term of three years unless either party gives three months written notice to the other to terminate the letter of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Memorandum and Articles of Association.



## CORPORATE GOVERNANCE REPORT

None of the Directors has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the provisions of the Memorandum and Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years; any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of Company and shall then be eligible for re-election at that meeting.

The procedures and process of appointment, re-appointment and continuation (or not) in service of any Director are set out in the Memorandum and Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, monitoring the appointment, re-appointment and continuation (or not) in service of any Director.

### BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice will generally be given. The agenda accompanying Board papers are dispatched to the Directors or committee members 7 days (and in any event not less than 3 days) before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and committee meetings will be recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held and the final version is open for Directors' inspection.



## CORPORATE GOVERNANCE REPORT

### MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT

The Board regularly reviews the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of four Independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the Chairman and all Independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.
- if a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting, a Director shall abstain from voting on any Board resolution and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2025. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended 31 December 2025 after making reasonable enquiry.



## CORPORATE GOVERNANCE REPORT

### DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have resource to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

### CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for the Company's corporate governance functions to perform the following corporate governance duties:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendation to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Executive Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance. Details of the remuneration of each of Directors for the year ended 31 December 2025 are set out in note 9 to the consolidated financial statements in this annual report.



## CORPORATE GOVERNANCE REPORT

The biographies of the Directors and senior management are disclosed in the section headed “Directors and Senior Management” in this annual report. Pursuant to code provision E.1.5 of the CG Code, remuneration paid to the top senior management (excluding the Directors) for the year ended 31 December 2025 fell within the following bands as follows:

<b>Remuneration Band</b>	<b>No. of employees</b>
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1

### DIRECTORS’ LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

### BOARD COMMITTEES

#### Nomination Committee

The Nomination Committee was established on 16 September 2019 and the revised written terms of reference of the Nomination Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Nomination Committee is comprised of four members, namely Mr. SHEN Yuan-Ching (Chairman and executive Director), Mr. LAN Ye (an independent non-executive Director, Mr. LING Chenkai (an independent non-executive Director) and Ms. ZHAO Xia (an independent non-executive Director), appointed as a member on 30 June 2025. Mr. SHEN Yuan-Ching is the chairman of the Nomination Committee.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then put to the Board for decision.

The primary duties of the Nomination Committee include:

- to review the structure, size and composition of the Board at least annually;
- to assist the Board in maintain a Board skill matrix;
- to develop and maintain a policy for the nomination of Board members;



## CORPORATE GOVERNANCE REPORT

- to develop and maintain a policy concerning diversity of Board members (the “**Board Diversity Policy**”);
- to review the Board Diversity Policy;
- to identify individuals suitably qualified to become members of the Board;
- to assess the independence of independent non-executive Directors;
- to make recommendation to the Board on matters relating to (i) the role, responsibilities, capabilities, skills, knowledge, experience and diversity of perspectives required from members of the Board; (ii) the policy on the terms of employment of non-executive Directors; (iii) the composition of the Audit Committee, Remuneration Committee and other Board committees of the Company; (iv) proposed changes to the structure, size and composition of the Board; (v) candidates suitably qualified to become members of the Board; (vi) the selection of individuals nominated for directorship; (vii) the re-election of any Directors who are to retire by rotation; (viii) the continuation (or not) in service of any independent non-executive Directors serving more than nine years; (ix) the appointment or re-appointment of Directors; (x) succession planning for Directors in particular the chairman and the chief executive; and (xi) the policy concerning the diversity of Board members, and the measurable objectives for implementing such policy; and
- to support the Company’s regular evaluation of the Board’s performance.

During the year ended 31 December 2025, the Nomination Committee held two meetings and undertook the following work:

- to submit a proposal to the Board regarding the appointment of a female independent non-executive director as a member of the nomination committee;
- to review the structure, size and composition of the Board (including the skills, knowledge and experience of its members);
- to make a recommendation to the Board on the re-election of retiring Directors at the forthcoming annual general meeting;
- to review the Board Diversity Policy; and
- to assess the independence of independent non-executive Directors.



## CORPORATE GOVERNANCE REPORT

### **Policy for the Nomination of Directors**

The Company follows a formal, considered and transparent procedure for the appointment of new Directors for the Board to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs. Recognising the vitality of diversity for the Board, the Company has adopted a Board Diversity Policy.

The Nomination Committee reviews the structure, size and composition of the Board regularly and makes recommendation to the Board to complement the corporate strategy of the Company. The appointment of a new Director is a collective decision of the Board, taking into consideration the procedures for Shareholders to propose a person for election as a Director of the Company and the Board Diversity Policy. The Board believes that changes to the Board composition shall be managed without undue disruption, and shall continue to provide a balanced composition of the executive Directors, the non-executive Directors (including independent non-executive Directors) so that there is a strong independent element in the Board, which can effectively exercise independent judgement.

### **Board Diversity Policy**

The Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in order to enhance the quality of its performance. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

As at the date of this annual report, the Board comprises eight Directors, with one female Director. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved, with reference to the current circumstances of the Company. The Board targets to maintain the current level of at least one female representation on the Board. The Board will continue review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suits the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from management, Shareholders and advisors of the Company, or internal promotion, with regards to the range of diversity perspectives set forth in the Board Diversity Policy.

As at 31 December 2025, the Group had 2,139 employees in total with 982 female employees and 1,157 male employees, representing 45.9% and 54.1% of the workforce (including senior management), respectively. The Group targets to further improve the current level of female representation over time.



### Remuneration Committee

The Remuneration Committee was established on 16 September 2019 and the revised written terms of reference of the Remuneration Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee is comprised of three members, namely Mr. LING Chenkai (an independent non-executive Director), Mr. SHEN Yuan-Ching (an executive Director) and Mr. LI Yifanan (an independent non-executive Director). Mr. LING Chenkai is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- either to determine, with delegated responsibility or to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, this should include benefits in kind, pension, rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions;
- to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- to ensure that no Director or any of his/her associates is involved in deciding his/her remuneration; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.



## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Remuneration Committee held two meetings and undertook the following works:

- to discuss the rationality of remuneration for directors and senior executives; and
- to review the remuneration policy to determine the needs to make amendment of the same.

### Audit Committee

The Audit Committee was established on 16 September 2019 and the revised written terms of reference of the Audit Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Audit Committee is comprised of three independent non-executive Directors, namely Mr. LI Yifan, Mr. LAN Ye, and Ms. ZHAO Xia, with Mr. LI Yifan possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. LI Yifan is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's external auditor.

The primary duties of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to monitor the integrity of the Company's financial statements and annual report, accounts and interim report and to review significant financial reporting judgments contained in them;
- to review the Company's annual report and accounts and interim report prior to submission to the Board for approval;
- to review the Company's financial controls, internal control and risk management systems;



## CORPORATE GOVERNANCE REPORT

- to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management’s response to these findings;
- to review the Group’s financial and accounting policies and practices;
- to review the external auditor’s management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management’s response;
- to ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter; and
- to report to the Board on the matters set out above.

During the year ended 31 December 2025, the Audit Committee held two meetings and undertook the following significant works:

- to make recommendation to the Board on the appointment of the auditor;
- to consider and approve the audited annual results of the Company and its subsidiaries for the year ended 31 December 2025;
- to consider and approve the accounting treatments adopted in the Group’s annual report for the year ended 31 December 2025;
- to consider and recommend to the Board the acceptance of the Audit Committee Report for the year ended 31 December 2025 prepared by KTC Partners CPA Limited;
- to consider and assess the Group’s management systems for internal, financial, risk management and internal control procedures;
- to consider and assess the independence and objectivity of the external auditor, the effectiveness of the audit process, the re-appointment of the external auditor and its remuneration (subject to Shareholders’ approval), and to make recommendation to the Board;



## CORPORATE GOVERNANCE REPORT

- to review the compliance status of the deed of non-competition (the “**Deed of Non-competition**”) dated 16 September 2019 entered into by the Company’s controlling Shareholders for the benefit of the Company (for itself and as trustee for its subsidiaries);
- to review the effectiveness of the corporate governance measures adopted for managing any potential or actual conflicts of interest between the Group and the Company’s controlling Shareholders;
- to consider and recommend to the Board the approval of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2025; and
- to consider and approve the accounting treatments adopted in the Group’s interim report for the six months ended 30 June 2025.

Each of the controlling Shareholders has provided with the Company a confirmation on compliance pursuant to their undertakings under the Deed of Non-Competition. The Audit Committee has reviewed the confirmations and noted that during the year ended 31 December 2025, each of the controlling Shareholders has complied with the Deed of Non-Competition. The Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness of the corporate governance measures.



## CORPORATE GOVERNANCE REPORT

## ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director and each member of the Board Committees of the Company at the relevant meetings held during the year ended 31 December 2025 are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
No. of meetings held during the year	7	2	2	2	3
<b>Executive Directors</b>					
Mr. SHEN Yuan-Ching ( <i>Chairman</i> )	7/7	2/2	2/2	N/A	3/3
Mr. FENG Bo	7/7	N/A	N/A	N/A	3/3
Mr. WANG Yong	7/7	N/A	N/A	N/A	3/3
<b>Non-executive Director</b>					
Mr. TIAN Wenzhi	7/7	N/A	N/A	N/A	3/3
<b>Independent Non-executive Directors</b>					
Mr. LAN Ye	7/7	2/2	N/A	2/2	3/3
Mr. LI Yifan	5/7	N/A	2/2	2/2	3/3
Mr. LING Chenkai	7/7	2/2	2/2	N/A	3/3
Ms. ZHAO Xia ( <i>appointed as a member of Nomination Committee on 30 June 2025</i> )	7/7	0/2	N/A	2/2	3/3

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2025 and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 101 to 106 of this annual report.



## RISK MANAGEMENT AND INTERNAL CONTROL

The Group has maintained an internal control system and internal audit functions and the Directors are responsible for monitoring the implementation of internal control measures and reviewing its effectiveness. With a view to manage the Group's business and operational risks, to ensure smooth operation and to avoid future recurrence of historical non-compliance incidents, the Group has engaged an independent internal control adviser to assist the Group in reviewing and providing recommendations on improving the Group's internal control system, including corporate governance, enterprise risk assessment, internal audit, compliance consultancy and relevant business processes including revenue, purchase, expenses and cost management, fixed assets management, human resources, financial management and information technology. The Audit Committee reviewed at least once a year the findings and recommendations on the risk management and internal control system of the independent internal control advisor and the senior management in their meetings and reported to the Board on such review.

Furthermore, the Company has emphasised to all its financial personnel that the Company's financial management system must be strictly complied with, which requires, amongst others, independent verification with respect to each line entry in the bank transaction records as part of the reconciliation process, and not merely cross-checking of the year-end balance. The Company has also emphasised to its financial personnel that the check and balance is vital in ensuring all cash receipts and payments are recorded in a timely manner.

The Company will have continuous oversight over its internal control systems, on an on-going basis. Notably, for the purposes of testing and assessing its enhanced systems, the Company voluntarily requested that Deloitte Enterprise Consulting (Shanghai) Co., Ltd. Beijing Branch ("**Deloitte Consulting**") conduct an additional review in October 2023 and requested Deloitte Consulting to conduct a review of the Company's relevant operations occurring during the period from 1 January 2025 to 30 June 2025 and 1 July 2025 to 31 December 2025 to verify and assess the implementation status of the remedial actions in September 2025 and April 2026.

Having conducted this further review, Deloitte Consulting is of the view that the current internal control system of the Company is adequate and effective.

In order to further enhance its internal control environment, the Company will adopt the following preventive/detective measures to prevent potential non-compliance with the Listing Rules in the future:

- (a) Ensuring the enhanced internal control system is strictly adhered to, the Company will appoint an independent internal control consultant to perform annual internal control review;
- (b) Regular review of the key internal control points and regular internal audit;



## CORPORATE GOVERNANCE REPORT

- (c) Ensuring the line of reporting for internal audit is addressed to the Audit Committee, with full transparency over the implementation of the internal control system and enhanced measures;
- (d) Regular reminders to directors, senior management and relevant (financial) personnel of the Company, to alert them and increase awareness on the importance of observing the internal control procedures, in accordance with the Listing Rules; and
- (e) Regular training and refreshers for all directors, senior management and relevant (financial) personnel of the Company.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations.

During the year ended 31 December 2025, the Board, as supported by the Audit Committee as well as the management, reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget.

The Company has also developed its disclosure policy to guide the Company's Directors, officers, senior management and relevant employees to handle confidential information, monitor information disclosure and respond to enquiries. Monitoring and control procedures have been implemented to prohibit the unauthorised access and use of inside information.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

The Company has in place written measures and procedures on guiding Directors, officers and relevant employees regarding securities dealing restrictions and handling of confidential and inside information.

The Directors have confirmed that the Group had adopted all internal control measures and policies suggested by Deloitte Consulting and did not have any significant or material deficiencies in its internal control system as at the date of publication of this annual report. The Directors consider that the Group's risk management and internal control system to be effective and sufficient.



## AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the total remuneration paid or payable to the Company's auditors, KTC Partners CPA Limited, for annual audit and other audit services totally amounted to RMB1,581,000.

An analysis of the remuneration paid or payable to KTC Partners CPA Limited is set out below:

Description of services performed	Amount RMB'000
Audit and assurance services	1,174
Non-Audit services	407
Total	1,581

The Board and the Audit Committee have agreed on the re-appointment of KTC Partners CPA Limited as the external auditor of the Group for the year ending 31 December 2026 and the proposal will be submitted for approval at the annual general meeting to be held on Tuesday, 26 May 2026.

## COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and Mr. TSO Ping Cheong Brian ("Mr. Tso") was appointed as the company secretary of the Company (the "Company Secretary") on 19 April 2019. Following the resignation of Mr. Tso as the Company Secretary on 26 February 2025, Ms. Chan Charmayne ("Ms. Chan") has been appointed as the Company Secretary on 26 February 2025. The primary contact person of the Company for Ms. Chan in relation to corporate secretarial matters is Mr. HUANG Jinfu, the general manager of the planning centre of the office of the board of directors of Xinyuan Science. For the year ended 31 December 2025, Ms. Chan had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. Since Ms. Chan is an external service provider, Mr. SHEN Yuan-ching, the Chairman of the Board, would be the person at the Company whom Ms. Chan can contact according to code provision C.6.1 of the CG Code.



## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables the Shareholders and investors to make the best investment decision. The Company believes the effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at [www.xypm.hk](http://www.xypm.hk) as a communication platform with Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. The Shareholders and investors may send written enquires or requests to the Company's principal place of business in Hong Kong at Unit B, 17/F, Admiralty Centre, 95 Queensway, Admiralty, Hong Kong for the attention of the Company Secretary.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders, Board members and appropriate senior staff of the Group will be available at the meeting to answer any questions raised by the Shareholders.

The Company has also established a Shareholders' communication policy to ensure the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is regularly reviewed to ensure its effectiveness and is available on written request to the Company Secretary.

Taking into account the variety of existing channels for communication and participation, the Company is of the view that its Shareholders' communication policy was effective and adequate during the year ended 31 December 2025. The Company will continue to review the implementation and effectiveness of the policy by Shareholders' feedback from the previous mentioned channel.

## SHAREHOLDERS' RIGHTS

### Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals

Under the Memorandum and Articles of Association, an extraordinary general meeting ("EGM") may be convened by the Board or resolutions shall be added to the agenda of a general meeting upon requisition by any two or more Shareholders holding not less than one-tenth of the voting rights on a one vote per share basis in the share capital of the Company. EGM may also be convened by the Board or resolutions shall be added to the agenda of a general meeting upon requisition by any one member which is a recognized clearing house (or its nominees) holding not less than one-tenth of the voting rights on a one vote per share basis in the share capital of the Company. The Shareholder(s) shall make a written requisition to the Board or the company secretary at the Company's principal place of business in Hong Kong, specifying the shareholding information of the Shareholder(s), his/her/its contact details and the proposal regarding any specifying transaction/business and its supporting documents.



## CORPORATE GOVERNANCE REPORT

If within 21 days of deposit of such written requisition, the Board fails to proceed to convene such EGM, the requisitioner(s) themselves or any of them may do so 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.

### Making Enquiries to the Board

The Shareholders shall direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

### DIVIDEND POLICY

The Company adopted a dividend policy on 27 March 2020. Pursuant to the Company's dividend policy, the dividend payout ratio shall be determined by the Board from time to time. The remaining net profit will be used for the Group's operations and development. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

- (a) the Company's current and future operations, actual and expected financial performance;
- (b) any corporate development plans;
- (c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;
- (d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;
- (e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;
- (f) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) any other factor that the Board deems appropriate and relevant.



## CORPORATE GOVERNANCE REPORT

The recommendation of the payment of dividend is subject to the determination of the Board, and any declaration of final dividend for a financial year will be subject to the approval of the Shareholders. The declaration and payment of dividends is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations, including the Listing Rules, and the Company's Memorandum and Articles of Association.

### CONSTITUTIONAL DOCUMENTS

The latest version of the Memorandum and Articles of Association, which was adopted by passing of a special resolution by the Shareholders at the annual general meeting held on 30 June 2025, is available on the websites of the Company ([www.xypm.hk](http://www.xypm.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).



## REPORT OF THE DIRECTORS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyuan Property Management Service (Cayman) Ltd. (the “**Company**”) is pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025.

### CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 13 December 2018 as an exempted company with limited liability. The Company carried out the global offering (the “**Global Offering**”), comprising 125,000,000 shares in the Company (the “**Shares**”) at HK\$2.08 per Share and the Shares were listed on the Main Board of the Stock Exchange on 11 October 2019 (the “**Listing Date**”). For details of the relevant use of proceeds, please see the section headed “Use of Proceeds from Listing” in this annual report.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Through its subsidiaries, the Company provides property management services, value-added services and pre-delivery and consulting services. Details of the principal activities of the Company’s subsidiaries are set out in note 1 to the financial statements of this annual report.

### BUSINESS REVIEW AND PERFORMANCE

The business review of the Group including the information below are set out in the Chairman’s Statement and the Management Discussion and Analysis on pages 6 to 34 of this annual report:

- (a) A fair review of the Group’s business;
- (b) A description of the principal risk management strategies of the Group;
- (c) An analysis using financial key performance indicators; and
- (d) An indication of likely future development in the Group’s business.



## RESULTS

The results and financial positions of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position on pages 107 and 109 of this annual report.

## FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.91 cents per share (2024: HK2.73 cents per share) for the year ended 31 December 2025 to the shareholders of the Company (the “**Shareholders**”). The final dividend is subject to the approval of the Shareholders at the Company’s annual general meeting to be held on Tuesday, 26 May 2026 (the “**AGM**”). The proposed final dividend will be paid to the Shareholders on or around Monday, 22 June 2026 whose names appear on the Company’s Register of Members on Tuesday, 9 June 2026.

## CLOSURE OF REGISTER OF MEMBERS

The AGM is expected to be held on Tuesday, 26 May 2026. For determining the eligibility Shareholders to attend and vote at the AGM, the Register of Members will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026, both days inclusive, during which the period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 May 2026. The record date for determining Shareholders’ eligibility to attend and vote at the AGM is Tuesday, 26 May 2026.

For determining the entitlement to the proposed final dividend (subject to approval by the Shareholders at the AGM), the Register of Members of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 June 2026. The record date for determining Shareholders’ entitlement to the proposed final dividend is Tuesday, 9 June 2026.



## REPORT OF THE DIRECTORS

### RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of change in equity and note 31 to the financial statements in this annual report.

### DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Cayman Companies Act, amounted to approximately RMB596.1 million, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the distribution or proposed distribution.

### FINANCIAL SUMMARY

A summary of the results, assets, liabilities of the Group for the past five financial years is set out on page 230 of this annual report.

### MAJOR RISKS AND UNCERTAINTIES

The industry in which we operate and our performance are affected by the overall economic environment and industry regulatory requirements. We may also be affected by daily operational risks such as contract renewal and market development, as well as external circumstances such as natural disasters, public health events, government policies and regulations.

The major risks and uncertainties faced by the Group are set forth below. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

#### Industry risks

The operation of the Group may be affected by the regulatory landscape of the industry and related measures. The main reason is that the fees charged by property management companies for management services are strictly monitored and supervised by relevant regulatory authorities. The business performance of the Group depends on the contracted GFA, the chargeable GFA under management and the number of projects under management, but the business growth are affected and will likely continue to be affected by the PRC government's regulations on the industry where the Group belongs.



## REPORT OF THE DIRECTORS

### Business risks

Whether the Group can maintain or improve its current level of profitability depends on whether it can maintain or improve its current scale and effectively control its operating costs. The Group's profit margins and results of operations may be materially and adversely affected by increases in labour costs or other operating costs. The Group cannot guarantee that it will be able to secure new property service contracts according to its plan or pursuant to appropriate schedule and price. The Group may not be able to recover related income including property management fees from customers, resulting in possible impairment losses in receivables.

### Human resources risks

As the Group continues to expand its management services footprint, our success remains fundamentally dependent on our ability to attract, develop, and retain a high-caliber professional team. The nature of the management services industry necessitates a sophisticated mechanism for the cultivation and motivation of top-tier talent. There is an inherent risk that the Group's existing systems for talent selection, training, and retention may not evolve rapidly enough to meet the increasing complexities of our business scale. To mitigate this, the Group is committed to refining its human resources strategy, enhancing its performance-linked incentive schemes, and fostering a corporate culture that prioritizes professional growth to retain expertise for long-term strategic execution.

## IMPORTANT RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 December 2025, there was no material and significant dispute between the Group and its employees, customers and suppliers.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable group. The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules, the Company's environmental, social and governance report will be available on the Company's website at the same time as the publication of this annual report.



## REPORT OF THE DIRECTORS

### 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.

### MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, total revenue from the Group's largest customer, Xinyuan Real Estate Co., Ltd ("**Xinyuan Real Estate Holdings**") and its subsidiaries (collectively "**Xinyuan Real Estate Group**"), and the five largest customers accounted for approximately 3.8% and 7.1% of the Group's total sales for the year respectively. Xinyuan Real Estate Group is a connected person of the Group. Save for Xinyuan Real Estate Group, none of the Directors or their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% interest in the Company) had any interest in any of the five largest customers for the year ended 31 December 2025.

For the year ended 31 December 2025, total purchases from the Group's largest supplier and the five largest suppliers accounted for approximately 12.6% and 27.5% of the Group's total purchases respectively. Save for Xinyuan Real Estate Group, none of the Directors or their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% interest in the Company) had any interest in any of the five largest suppliers for the year ended 31 December 2025.

### SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 30 to the financial statements in this annual report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) on the Stock Exchange during the year ended 31 December 2025.



## BORROWINGS

As at 31 December 2025, the Group had no borrowings.

## DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

### Executive Directors

Mr. SHEN Yuan-Ching (*Chairman*)

Mr. FENG Bo

Mr. WANG Yong

### Non-executive Director

Mr. TIAN Wenzhi

### Independent non-executive Directors

Mr. LAN Ye

Mr. LI Yifan

Mr. LING Chenkai

Ms. ZHAO Xia

In accordance with the provisions of the Company's Memorandum and Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and any Director appointed by the Board either 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.

In accordance with article 16.19 of the Memorandum and Articles of Association, Mr. FENG Bo, Mr. LING Chenkai and Ms. ZHAO Xia will hold office only until the AGM and being eligible, will offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.



## REPORT OF THE DIRECTORS

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considers that all independent non-executive Directors have satisfied their independence to the Group.

### DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service contract with the Company for a term of three years which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Memorandum and Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of non-executive Director and independent non-executive Directors has entered a letter of appointment with the Company for an initial term of three years, unless either party gives three months prior written notice to the other to terminate the letter of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Memorandum and Articles of Association.

None of the Directors has a service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save as disclosed under the section headed "Connected Transactions" and note 34 to the financial statements contained herein, there was no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025.

### CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed under the section headed "Connected Transactions" and note 34 to the financial statements contained herein, there was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company, or any of its subsidiaries, during the year.



## REPORT OF THE DIRECTORS

### EMOLUMENTS 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 the Group's operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors and senior management are set out in notes 9 and 10 to the financial statements in this annual report.

No emoluments were paid by the Group to any Director or chief executive as an inducement to join or upon joining the Group or as compensations for loss of office for the year and none of the Directors has waived any emoluments for the year.

### PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year, which remains in force.

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 35 to 42 of this annual report.



## REPORT OF THE DIRECTORS

### EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Schemes" below, there were no equity-linked agreements entered into during the year or subsisting at 31 December 2025 that would or may result in the Company issuing shares or that requires the Company to enter into any agreements that would or may result in the Company issuing shares.

### SHARE SCHEMES

#### (a) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") was adopted by a resolution in writing passed by the Shareholders on 16 September 2019 for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. A summary of the principal terms of the Post-IPO Share Option Scheme is set out below:

#### Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of subsidiaries of the Company or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of subsidiaries of the Company or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and



## REPORT OF THE DIRECTORS

- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

and, for the purposes of the Post-IPO Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

**Maximum Number of Shares Available for Issue under the Post-IPO Share Option Scheme**

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group is 50,000,000 Shares, being no more than 10% of the Shares in issue as at the Listing Date (the “**General Scheme Limit**”).

The General Scheme Limit may be refreshed at any time by obtaining prior approval of the Shareholders in a general meeting of the Company. However, the refreshed General Scheme Limit cannot exceed 10% of the Shares in issue as at the date of such approval, and for the purpose of calculating the latest refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option schemes of the Group) previously granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group will not be counted.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

As at the date of this annual report, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme was 50,000,000 Shares, representing 8.81% of the issued share capital of the Company as at the date of this annual report.

**Limit of Each Participant**

Unless approved by Shareholders in a general meeting of the Company, the total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.



## REPORT OF THE DIRECTORS

### **Time of Acceptance and Exercise of Option**

Any option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of 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 subject to the provisions for early termination thereof.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

### **Performance targets**

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

### **Subscription Price for the Shares and Consideration for the Option**

The subscription price for the Shares under the Post-IPO 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 the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

### **Life of the Post-IPO Share Option Scheme**

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

The terms of the Post-IPO Share Option Scheme were disclosed in the Company's prospectus dated 25 September 2019. The Post-IPO Share Option Scheme was terminated on 7 August 2024 following its approval by the shareholders at the extraordinary general meeting of the Company. No further options shall be offered or granted under the Post-IPO Share Option Scheme after its termination. As of the date of termination of the Post-IPO Share Option Scheme, no share options had been granted, exercised, lapsed or forfeited under the Post-IPO Share Option Scheme, and the Company had no outstanding unexercised share options, warrants or convertible instruments.



## REPORT OF THE DIRECTORS

## (b) One-off Restricted Share Incentive Scheme

Reference is made to the announcements of the Company dated 8 July 2024 and 7 August 2024 and the circular of the Company dated 22 July 2024.

A one-off share scheme for the purpose of the grant of 17,025,000 new Shares to Mr. SHEN Yuan-Ching, the chairman, executive director and chief executive officer of the Company; and the grant of 8,512,500 new Shares to Mr. WANG Yong, the executive director and chief financial officer of the Company, has been approved. Immediately upon issue of the awarded Shares on 13 August 2024, the total number of issue Shares increased from 567,500,000 Shares to 593,037,500 Shares.

The termination of the existing share option scheme of the Company adopted by the Shareholders on 16 September 2019 has been approved by the Shareholders on an extraordinary general meeting of the Company held on 7 August 2024.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code"), were as follows:

Name of Director and Chief Executive	Nature of Interest <sup>(1)</sup>	Number of Shares or underlying Shares	Approximate Percentage of Interest in the Company <sup>(4)</sup>
Mr. SHEN Yuan-Ching <sup>(2)</sup>	Interest of controlled Corporation	61,488,000	10.37%
Mr. WANG Yong <sup>(3)</sup>	Interest of controlled Corporation	8,512,500	1.52%
	Beneficial owner	488,000	



## REPORT OF THE DIRECTORS

## Notes:

1. All interests stated are long position.
2. Melmetal Limited is wholly-owned by Mr. SHEN Yuan-Ching. By virtue of the SFO, Mr. Shen is therefore deemed to be interested in 61,488,000 Shares held by Melmetal Limited.
3. Diran Peak Limited is wholly-owned by Mr. WANG Yong. By virtue of the SFO, Mr. Wang is therefore deemed to be interested in 8,512,500 Shares held by Diran Peak Limited.
4. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 31 December 2025 of 593,037,500 Shares.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2025.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest <sup>(1)</sup>	Number of Shares	Approximate percentage of shareholding <sup>(5)</sup>
Xinyuan Real Estate, Ltd. <sup>(2)</sup>	Beneficial owner	246,472,000	41.56%
Xinyuan Real Estate Co., Ltd. <sup>(2, 3)</sup>	Interest of a controlled corporation	246,472,000	41.56%
Mr. SHEN Yuan-Ching <sup>(4)</sup>	Interest of a controlled corporation	61,488,000	10.37%
Melmetal Limited	Beneficial owner	61,488,000	10.37%



## REPORT OF THE DIRECTORS

### Notes:

1. All interests stated are long position.
2. Xinyuan Real Estate, Ltd. is wholly owned by Xinyuan Real Estate Co., Ltd.. By virtue of the SFO, Xinyuan Real Estate Co., Ltd. is therefore deemed to be interested in 246,672,000 Shares which are interested by Xinyuan Real Estate, Ltd.
3. Xinyuan Real Estate Co., Ltd., the shares in which were delisted on the New York Stock Exchange on 16 January 2026, is owned as to 24.79% by Mr. ZHANG Yong, 17.41% by Spectacular Stage Limited, 16.39% by Central Pains Ltd, 18.75% by Xy Management Ltd and 22.66% by other public shareholders.
4. Melmetal Limited is wholly-owned by Mr. SHEN Yuan-Ching. By virtue of the SFO, Mr. Shen is therefore deemed to be interested in 61,488,000 Shares held by Melmetal Limited.
5. The percentage of shareholding is calculated on the basis of the number of issued Shares as at 31 December 2025 of 593,037,500 Shares.

Save as disclosed above, as at 31 December 2025, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there was no other person (other than Directors or chief executives of the Company) who had an interest and/or short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

## DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTEREST IN COMPETING BUSINESS

As disclosed in the prospectus dated 25 September 2019, each of Xinyuan Real Estate Holdings and Xinyuan Real Estate, Ltd., the controlling shareholders of the Company, (collectively, the “**Covenantors**” and each a “**Covenantor**”) has given non-competition undertakings (the “**Non-Competition Undertakings**”) in favor of the Company (for itself and as trustee for each of its subsidiaries) on 16 September 2019, pursuant to which each of the Covenantors has, among other matters, irrevocably undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of the Covenantors shall, and shall procure that their respective close associates and/or companies controlled by them (other than the Group) shall:

- (i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the provision of (i) property management services, (ii) value-added services, (iii) pre-delivery and consulting services, (iv) property marketing services, (v) event planning services and (vi) intelligence engineering services, as described in this prospectus) in the PRC and/or any other country or jurisdiction to which the Group provides such services and/or in which any member of the Group carries on business mentioned above from time to time (the “**Restricted Activity**”);



## REPORT OF THE DIRECTORS

- (ii) not solicit any existing employee of the Group for employment by it or its associates (excluding the Group);
- (iii) not, without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to its knowledge in its capacity as the controlling shareholder for any purpose of engaging, investing or participating in any Restricted Activity;
- (iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to the Group for consideration;
- (v) not invest or participate in any Restricted Activity; and
- (vi) procure its associates (excluding the Group) not to invest or participate in any project or business opportunity of the Restricted Activity.

The above undertakings (i) to (vi) are subject to the exception that any of the close associates of the Covenantors and/or companies controlled by the Covenantors (excluding the Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which has been offered or made available to the Group, provided always that information about the principal terms thereof has been disclosed to the Company and the Directors, and the Company shall have, after review and approval by a board committee which consists of the Directors (including the independent non-executive Directors) who do not have any directorship in Xinyuan Real Estate Co., Ltd. and do not have an interest in such project or business opportunity, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Activity and provided also that the principal terms on which that relevant close associate of the Covenantor(s) or company controlled by the Covenantor(s) invests, participates or engages in the Restricted Activity are substantially the same as or not more favorable than those disclosed to the Company. Subject to the above, if the relevant close associate of the Covenantor(s) or company controlled by the Covenantor(s) decides to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to the Company and the Directors as soon as practicable.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (a) the date on which the Covenantors and their close associates (individually or taken as a whole) ceases to own 30% of the then issued share capital of the Company (whether directly or indirectly) or cease to be considered as the controlling shareholders of the Company for the purpose of the Listing Rules and do not have power to control the majority of the Board; and



## REPORT OF THE DIRECTORS

(b) the date on which the Shares cease to be listed on the Stock Exchange.

The controlling shareholders of the Company confirmed that they have complied with the Deed of Non-Competition for the year ended 31 December 2025. No new business opportunity was informed by the controlling shareholders as at 31 December 2025.

The independent non-executive Directors of the Company (except Mr. LI Yifan) who do not have any directorship in Xinyuan Real Estate Co., Ltd. have conducted a review for the year ended 31 December 2025 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-Competition has been fully complied.

Save as disclosed above, none of the Directors held any interests in any business that compete directly against the Company or any of its jointly controlled entities and subsidiaries during the year ended 31 December 2025.

## CONNECTED TRANSACTIONS

Details of the relevant connected transactions or continuing connected transactions of the Company during the year ended 31 December 2025 are as follows:

### (A) Continuing Connected Transactions Fully Exempt from the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

#### 1. Trademark Licensing Agreement

On 16 September 2019, a trademark licensing agreement (the "**Trademark Licensing Agreement**") was entered into between the Company on one hand and Henan Xinyuan Property Services Co., Ltd. ("**Henan Xinyuan**") and Beijing Aijieli Technology Development Co., Ltd. ("**Beijing Aijieli**") (collectively the "**Licensors**") on other hand, pursuant to which the Licensors agreed to irrevocably and unconditionally grant the Company a non-transferable license to use certain trademarks registered in the names of the Licensors in the PRC for a perpetual term commencing from the date of the Trademark Licensing Agreement on a royalty-free basis. The Trademark Licensing Agreement is not unilaterally terminable by the Licensors.

The Company has been using the abovementioned licensed trademarks in the business of the Group over the years in relation to the services rendered by the Group and for the related marketing and promotion activities on a royalty-free basis. The Directors believe that the entering into of the Trademark Licensing Agreement with a term of more than three years can ensure the stability of the Group's operations, and is beneficial to the Company and the Shareholders as a whole.



## REPORT OF THE DIRECTORS

Henan Xinyuan and Beijing Aijieli, as the registered proprietors of the licensed trademarks, are an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, and an indirect non wholly-owned subsidiary of Xinyuan Real Estate Holdings respectively, and therefore each of them is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Trademark Licensing Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the right to use the licensed trademarks is granted to the Company on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Trademark Licensing Agreement, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement to set a term not exceeding three years under Rule 14A.52 of the Listing Rules.

### (B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement

- 1. Continuing Connected Transactions in relation to the Sky Cinema Lease Services Agreement**  
On 30 August 2024, the Company and Beijing Xinyuan Sky Film and Television Investment Co., Ltd.\* (北京鑫苑星空影視投資有限責任公司) ("**Beijing Xinyuan Sky**") entered into an agreement ("**Sky Cinema Lease Services Agreement**"), pursuant to which the Group will provide lease services in respect of certain commercial properties to Beijing Xinyuan Sky in relation to its operation of cinema cities for a fixed term commencing from 30 August 2024 until 31 December 2037 (both dates inclusive). The proposed annual caps for the lease fees payable by Beijing Xinyuan Sky to the Group under the Sky Cinema Lease Services Agreement for each of the 14 years ending 31 December 2037 range from RMB870,000 to RMB5,480,000.

Beijing Xinyuan Sky is a subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company. Therefore, Beijing Xinyuan Sky is an associate of the Company. Pursuant to Rule 14A of the Listing Rules, the Sky Cinema Lease Services Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company. Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company published an announcement in respect of the Sky Cinema Lease Services Agreement on 30 August 2024.



For the year ended 31 December 2025, the total amounts paid to the Group by Beijing Xinyuan Sky under the Sky Cinema Lease Services Agreement was RMB1,468,000, which did not exceed the annual cap of RMB5,210,000.

2. **Continuing Connected Transactions in relation to the Zhengzhou Sky Cinema Lease Services Agreement**

On 20 September 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Zhengzhou Sky Youyang Cinema Co., Ltd.\* (鄭州星空悠揚電影院有限公司) (“**Zhengzhou Sky**”) entered into an agreement (“**Zhengzhou Sky Cinema Lease Services Agreement**”), pursuant to which the Group will provide lease services in respect of certain commercial properties to Zhengzhou Sky in relation to its operation of cinema cities for a fixed term commencing from 20 September 2024 until 19 September 2027 (both dates inclusive). The proposed annual caps for the lease fees payable by Zhengzhou Sky to the Group under the Zhengzhou Sky Cinema Lease Services Agreement for each of the four years ending 19 September 2027 is RM215,000 for year 2024, RMB736,000 for year 2025, RMB736,000 for year 2026 and RMB530,000 for year 2027, respectively.

Zhengzhou Sky is a whole-owned subsidiary of Beijing Xinyuan Sky Film and Television Investment Co., Ltd.\* (北京鑫苑星空影視投資有限責任公司) (“**Beijing Xinyuan Sky**”) and Beijing Xinyuan Sky is a subsidiary of Xinyuan Real Estate Holding, the controlling shareholder of the Company. Therefore, Zhengzhou Sky is an associate of the Company. Pursuant to Rule 14A of the Listing Rules, the Zhengzhou Sky Cinema Lease Services Agreement and the transactions contemplated thereunder constituted a continuing connected transaction of the Company.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company published an announcement in respect of the Zhengzhou Sky Cinema Lease Services Agreement on 20 September 2024.

For the year ended 31 December 2025, the total amounts paid to the Group by Zhengzhou Sky under the Zhengzhou Sky Cinema Lease Services Agreement was RMB699,000, which did not exceed the annual cap of RMB736,000.



## REPORT OF THE DIRECTORS

### (C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements

#### 1. Property Management Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a property management services framework agreement for a term of three years commencing from 1 January 2022 (the **"2022 Property Management Services Framework Agreement"**). The Group and/or its associates shall provide to Xinyuan Real Estate Group excluding the Group (the **"Remaining Xinyuan Real Estate Group"**) and/or its associates property management services in respect of the unsold property units after the agreed delivery date set out on the property purchase contract for projects developed by the Remaining Xinyuan Real Estate Group and managed by the Group. In respect of sold property units after delivery, if the Remaining Xinyuan Real Estate Group and/or its associates gift property management fees to the property owners under the property sales arrangement, then the property management services corresponding to the property management fees that are borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates on behalf of the property owners shall be deemed to be part of the property management services under the 2022 Property Management Services Framework Agreement.

The fees for the property management services charged under the 2022 Property Management Services Framework Agreement shall be determined based on the regulations promulgated by the PRC government and after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Pursuant to the 2022 Property Management Services Framework Agreement, the annual caps for the provision of property management services for each of the three years ended 31 December 2024 (the **"2022 Property Management Services Annual Caps"**) are RMB48,677,000, RMB63,872,000 and RMB85,222,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Property Management Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.



## REPORT OF THE DIRECTORS

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the 2022 Property Management Services Annual Cap are, on an annual basis, more than 5% and such proposed aggregate annual caps are more than HK\$10 million, the transactions under the 2022 Property Management Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the term of the 2022 Property Management Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Property Management Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group to the Group under the New Property Management Services Framework Agreement for each of the three years ending 31 December 2027 are RMB20,000,000, RMB30,000,000 and RMB45,000,000, respectively.

For the year ended 31 December 2025, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the New Property Management Services Framework Agreement was RMB10,319,000, which did not exceed the annual cap of RMB20,000,000.

## 2. Pre-delivery and Consulting Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a pre-delivery and consulting services framework agreement for a term of three years commencing from 1 January 2022 (the "**2022 Pre-delivery and Consulting Services Framework Agreement**"). The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates pre-delivery and consulting services, including but not limited to (i) sales assistance services, which mainly involve providing property sales venue management services and property sales venue "warm-up" services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale; (ii) early stage involvement services, which involve advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance a property; and (iii) referral and management services for unsold properties.



## REPORT OF THE DIRECTORS

Pursuant to the 2022 Pre-delivery and Consulting Services Framework Agreement, the annual caps for the provision of pre-delivery and consulting services for each of the three years ended 31 December 2024 (the “**2022 Pre-delivery and Consulting Services Annual Caps**”) are RMB166,623,000, RMB190,182,000 and RMB218,711,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Pre-delivery and Consulting Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Pre-delivery and Consulting Services Framework Agreement exceeded 25%, the transactions contemplated thereunder are subject to annual reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the term of the 2022 Pre-delivery and Consulting Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the “**New Pre-delivery and Consulting Services Framework Agreement**”) for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2027 are RMB15,000,000, RMB22,500,000 and RMB33,750,000, respectively.

For the year ended 31 December 2025, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the New Pre-delivery and Consulting Services Framework Agreement was 1,231,000, which did not exceed the annual cap of RMB15,000,000.



### 3. Value-added Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a value-added services framework agreement for a term of three years commencing from 1 January 2022 (the “**2022 Value-added Services Framework Agreement**”). The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates value-added services, including but not limited to the provision of on-site cleaning, operations and other related services at the pre-delivery stage and the delivery events for the property development projects, utility fee collection service, “400 CS Center” service and other value-added services.

The fees for the value-added services charged under the 2022 Value-added Services Framework Agreement shall be determined after arm’s length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Pursuant to the 2022 Value-added Services Framework Agreement, the ended annual caps for the provision of value-added services for each of the three years ended 31 December 2024 (the “**2022 Value-added Services Annual Caps**”) are RMB44,900,000, RMB56,082,000 and RMB66,446,000, respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under each of the Value-added Services Framework Agreement and the 2022 Value-added Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the 2022 Value-added Services Annual Caps are, on an annual basis, more than 5% each of their respective proposed aggregate annual caps are more than HK\$10 million, the transactions under the 2022 Value-added Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the term of the 2022 Value-added Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the “**New Value-added Services Framework Agreement**”) for a term of three years commencing from 1 January 2025.



## REPORT OF THE DIRECTORS

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Value-added Services Framework Agreement for each of the three years ending 31 December 2027 are RMB10,000,000, RMB15,000,000 and RMB22,500,000, respectively.

For the year ended 31 December 2025, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the New Value-added Services Framework Agreement was RMB5,352,000, which did not exceed the annual cap of RMB10,000,000.

#### 4. Property Engineering Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into a property engineering services framework agreement (the “**2022 Property Engineering Services Framework Agreement**”) with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), pursuant to which the Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates property engineering services, including but not limited to (i) repairs engineering services, which involve providing repairs services and project quality enhancement maintenance services for development projects during the warranty period; (ii) intelligent engineering services, which involve providing construction services for intelligent systems; (iii) landscaping engineering services; (iv) firefighting engineering services; (v) decoration and renovation engineering service; (vi) elevators engineering services and other miscellaneous engineering services (collectively the “**XRE Property Engineering Services**”), for a term commencing from 1 January 2022 until 31 December 2024.

The fees to be charged for the XRE Property Engineering Services shall be determined after arm’s length negotiations taking into account the scope of services under each of such contracts, the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget) with reference to the fees for similar services and similar type of projects in the market.

The maximum annual fee payable by the Remaining Xinyuan Real Estate Group and/or its associates in relation to the XRE Property Engineering Services to be provided by the Group under the 2022 Property Engineering Services Framework Agreement (the “**PES Annual Caps**”) for each of the three years ended 31 December 2024 is expected not to exceed RMB178,242,000, RMB204,979,000 and RMB235,725,000 respectively.

Xinyuan Real Estate Holdings has been one of the controlling shareholders of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the 2022 Property Engineering Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.



## REPORT OF THE DIRECTORS

As the highest applicable percentage ratio in respect of the 2022 Property Engineering Services Framework Agreement exceeds 25%, the transactions under the 2022 Property Engineering Services Framework Agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the term of the 2022 Property Engineering Services Framework Agreement expired on 31 December 2024, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) entered into a new agreement (the "**New Property Engineering Services Framework Agreement**") for a term of three years commencing from 1 January 2025.

The annual caps for fees payable by the Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Property Engineering Services Framework Agreement for each of the three years ending 31 December 2027 are RMB60,000,000, RMB72,000,000 and RMB86,400,000, respectively.

For the year ended 31 December 2025, the total amounts paid to the Group by the Remaining Xinyuan Real Estate Group and/or its associates under the New Property Engineering Services Framework Agreement was RMB15,058,000, which did not exceed the annual cap of RMB60,000,000.

#### 5. The Commercial Assets Entrusted Operation Framework Agreement

On 21 June 2024, the Company and Xinyuan Real Estate Holdings entered into a framework agreement (the "**Commercial Assets Entrusted Operation Framework Agreement**"), pursuant to which the Group was entrusted by the Remaining Xinyuan Real Estate Group to provide operation in respect of commercial assets of the Remaining Xinyuan Real Estate Group, including development and operation planning and management, solicitation agency, leasing, advertisement and promotion, property services and parking space management. Individual agreements will be entered into by and between the Group and the Remaining Xinyuan Real Estate Group, setting out specific terms of individual entrusted operation agreements for each commercial asset.

The term of the Commercial Assets Entrusted Operation Framework Agreement commenced from the date of approval at the extraordinary general meeting of the Company ("**EGM**") (i.e. 7 August 2024) till 31 December 2026 (both dates inclusive). The proposed annual caps for the rent to be allocated by the Group to the Remaining Xinyuan Real Estate Group under the Commercial Assets Entrusted Operation Framework Agreement for each of the three years ending 31 December 2026 are as follows: RMB40 million in 2024, RMB46 million in 2025 and RMB52 million in 2026.



## REPORT OF THE DIRECTORS

Xinyuan Real Estate Holdings is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Commercial Assets Entrusted Operation Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Commercial Assets Entrusted Operation Framework Agreement exceeded 5%, the transactions contemplated thereunder were subject to annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount paid or payable by the Group to the Remaining Xinyuan Real Estate Group under the Commercial Assets Entrusted Operation Framework Agreement was RMB17,101,000, which did not exceed the annual cap of RMB46,000,000.

### 6. The Assets Sales Agency and Operation Services Framework Agreement

On 21 June 2024, the Company and Xinyuan Real Estate Holdings entered into a framework agreement (the "**Assets Sales Agency and Operation Services Framework Agreement**"), pursuant to which the Group agrees to provide the Remaining Xinyuan Real Estate Group with (i) sales agency services in respect of assets such as clubhouses, parking spaces and basements owned by the Remaining Xinyuan Real Estate Group and/or its associates; and (ii) operation services in respect of assets such as clubhouses, parking spaces and basements to which the Remaining Xinyuan Real Estate Group and/or its associates have the right to income. Individual agreements will be entered into by and between the Group and the Remaining Xinyuan Real Estate Group, setting out specific terms of each transaction under the Assets Sales Agency and Operation Services Framework Agreement.

The term of the Assets Sales Agency and Operation Services Framework Agreement commenced from the date of approval at the EGM (i.e. 7 August 2024) till 31 December 2026 (both dates inclusive). The proposed annual caps for the income to be allocated to the Remaining Xinyuan Real Estate Group by the Group under the Assets Sales Agency and Operation Services Framework Agreement for each of the three years ending 31 December 2026 are as follows: RMB16,500,000 in 2024, RMB21,000,000 in 2025 and RMB26,000,000 in 2026.

Xinyuan Real Estate Holdings is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Assets Sales Agency and Operation Services Framework Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.



## REPORT OF THE DIRECTORS

As the highest applicable percentage ratio in respect of the Assets Sales Agency and Operation Services Framework Agreement exceeded 5%, the transactions contemplated thereunder were subject to annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount paid by the Group to the Remaining Xinyuan Real Estate Group in accordance with the Assets Sales Agency and Operation Services Framework Agreement was RMB0, which did not exceed the annual cap of RMB21,000,000.

(D) **Review by the Independent Non-executive Directors and Auditor**

Pursuant to 14A.55 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company, who confirmed that these continuing connected transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 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 a letter to the Board containing the findings and conclusions in respect of the aforesaid continuing connected transactions disclosed as below:

- (1) nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and



## REPORT OF THE DIRECTORS

- (4) with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

### (E) Connected Transactions

1. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the “**Agreement**”) pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments in cash of approximately RMB206,783,000, representing the total car parking spaces reserve price as the deposits for being such exclusive sales partner. On 23 December 2021, the Company (for its own and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group) entered into a supplemental agreement (the “**Supplemental Agreement**”) to the car parking space exclusive sales cooperation agreement (the “**Car Parking Space Exclusive Sales Cooperation Agreement**”) dated 17 September 2020 which are entered into between the same contracting parties. Pursuant to the Supplemental Agreement, subject to the fulfilment of the certain conditions precedent, the Company and Xinyuan Real Estate Holdings agreed that the ending date of the period of cooperation as stipulated under the Car Parking Space Exclusive Sales Cooperation Agreement shall be extended from 31 December 2021 to 31 December 2023.

As at the date of the Supplemental Agreement, Xinyuan Real Estate Holdings was indirectly interested in 52.86% of the issued shares in the Company, and was the controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates were connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) constituted a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) was more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as to be supplemented and amended by the Supplemental Agreement) are therefore subject to the requirements for reporting, announcement and approval by the independent shareholders under Chapter 14A of the Listing Rules.



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On 7 June 2022, an ordinary resolution was duly passed by the independent shareholders of the Company to approve, confirm and ratify the Supplemental Agreement and the transactions contemplated thereunder and the implementation thereof. Please refer to the Company's announcements dated 23 December 2021, 24 February 2022, 12 April 2022, 16 May 2022 and 7 June 2022 for details.

On 22 March 2024, the Company and Xinyuan Real Estate Holdings entered into an agreement (the "**Offset Agreement**") pursuant to which the parties agreed that all the cash sales proceeds of 2,181 car parking spaces (the "**Car Parking Spaces**") currently managed by the Group or held by the Group for sale on behalf of Xinyuan Real Estate Group, if sold, will be retained by the Group and applied to settle an equivalent amount of the outstanding refundable payment. For the avoidance of doubt, the Group will not acquire ownership of the Car Parking Spaces under the Offset Agreement. If the sales proceeds are insufficient to settle the entire amount of the outstanding refundable payment, the shortfall will be payable by Xinyuan Real Estate Holdings to the Company in cash within ten working days after completion of sales of all Car Parking Spaces.

2. On 22 July 2022, Zhengzhou Shengdao Real Estate Co., Ltd. ("**Zhengzhou Shengdao**") entered into a car parking space sales cooperation agreement (the "**Previous Agreement**") with Sichuan Justbon Life Services Group Co., Ltd. ("**Sichuan Justbon**"), pursuant to which Sichuan Justbon agreed to assist Zhengzhou Shengdao to sell a total of 862 car parking spaces for a period commencing from 22 July 2022 until the sales of all car parking spaces are completed.

As disclosed in the Company's announcements on 22 September 2023 and 11 October 2023, on 22 September 2023, Zhengzhou Shengdao, Sichuan Justbon and Xinyuan Science (an indirect wholly-owned subsidiary of the Company) entered into a tripartite agreement (the "**Tripartite Agreement**"), pursuant to which (i) Zhengzhou Shengdao and Sichuan Justbon agreed to terminate the Previous Agreement; (ii) Zhengzhou Shengdao agreed to pay a sum of RMB9,416,272 as termination fee (the "**Termination Fee**") to Sichuan Justbon; and (iii) Xinyuan Science agreed to cooperate with Zhengzhou Shengdao to sell the remaining 798 unsold car parking spaces and pay the Termination Fee to Sichuan Justbon on behalf of Zhengzhou Shengdao.



## REPORT OF THE DIRECTORS

In addition, on 22 September 2023, Xinyuan Science and Zhengzhou Shengdao entered into car parking space exclusive sales cooperation agreement (the “**Car Parking Space Exclusive Sales Cooperation Agreement**”), pursuant to which Zhengzhou Shengdao agreed to designate Xinyuan Science as the exclusive sales partner of a total of 798 designated car parking spaces for a period commencing on 22 September 2023 until the sale of all such car parking spaces is completed, and grant the right to Xinyuan Science for the implementation of the exclusive sales cooperation. Pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement, Xinyuan Science shall pay Zhengzhou Shengdao a refundable earnest money of RMB11,226,518 in instalments as the deposit.

On 11 October 2023 (after trading hours), Zhengzhou Shengdao and Xinyuan Science entered into a supplemental agreement to the Car Parking Space Exclusive Sales Cooperation Agreement to amend the term of the cooperation period to a period of five years commencing from the signing of the Car Parking Space Exclusive Sales Cooperation Agreement to 21 September 2028.

Zhengzhou Shengdao is a subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company indirectly interested in approximately 52.86% of the issued share capital of the Company. As an associate of Xinyuan Real Estate Holdings, Zhengzhou Shengdao is a connected person of the Company under Chapter 14A of the Listing Rules, and the entering into of the Tripartite Agreement and the Car Parking Space Exclusive Sales Cooperation Agreement constitute a connected transaction of the Company.

3. A final and legally binding arbitral award was issued by the Hong Kong International Arbitration Centre on 13 October 2023 whereby 鑫苑（中國）置業有限公司 (Xinyuan (China) Real Estate Co., Ltd.\*) was liable to pay 鑫苑科技服務集團有限公司 (Xinyuan Science and Technology Service Group Co., Ltd.\*) (“**Xinyuan Science and Technology**”, an indirect wholly-owned subsidiary of the Company) and the Company the loss suffered and costs and expenses incurred and Xinyuan (China) was required to transfer to the Group certain non-cash assets in satisfaction of such liability. In satisfaction of such arbitral award, on 3 January 2024, Xinyuan Science and Technology as transferee and 河南鑫苑置業有限公司 (Henan Xinyuan Real Estate Co., Ltd.\*) (“**Henan Xinyuan**”, an indirect wholly-owned subsidiary of Xinyuan Real Estate) as transferor entered into agreement pursuant to which Henan Xinyuan shall transfer the operating rights representing the exclusive rights to operate and receive income derived from six clubhouses in the PRC to Xinyuan Science and Technology for a term of 30 years commencing on 3 January 2024 and expiring on 2 January 2054.

As the appraised value of the operating rights in the amount of RMB43,881,100 is higher than the total outstanding amount of RMB30,484,855 payable by Xinyuan (China) under the arbitral award, it was agreed that the difference in the amount of RMB13,396,245 would be payable in cash by Xinyuan Science and Technology to Henan Xinyuan at completion of the Transaction.



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Since Henan Xinyuan is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, Henan Xinyuan is an associate of a connected person of the Company and is also a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the above transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 0.1% but is less than 5%, the above transfer is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

4. Pursuant to the 2022 Property Management Services Framework Agreement, Xinyuan Science and Technology, an indirect wholly-owned subsidiary of the Company, provided certain management services to 蘇州鑫苑置業發展有限公司 (Suzhou Xinyuan Real Estate Development Co., Ltd.\*), 徐州鑫苑置業有限公司 (Xuzhou Xinyuan Real Estate Co., Ltd.\*) and Henan Xinyuan (collectively the **"Property Companies"**) and in the course of the provision of such management services, Xinyuan Science and Technology sold certain car parking spaces and storage rooms in the PRC on behalf of the Property Companies and received sales proceeds. For the purposes of settling such sales proceeds with the Property Companies, Xinyuan Science and Technology and the Property Companies entered into the settlement agreements (the "Settlement Agreements") on 4 January 2024, pursuant to which Xinyuan Science and Technology paid to the Property Companies a total amount of RMB7,153,800, representing the net sales proceeds of the car parking spaces and storage rooms received by Xinyuan Science and Technology.

As each of the Property Companies is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, the controlling shareholder of the Company, each of the Property Companies is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Settlement Agreements constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the sales proceeds payable under the Settlement Agreements, on an aggregated basis, exceeds 0.1% but is less than 5%, the Settlement Agreements are subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.



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### Offsetting Debt Agreements

Reference is made to the announcement of the Company dated 19 May 2025 (the “**May 2025 Announcement**”) and the circular published on 21 July 2025 (the “**July 2025 Circular**”). Unless otherwise specified, capitalized terms used in this section shall have the same meanings as defined in May 2025 Announcement and July 2025 Circular.

On 19 May 2025, certain members of the Group entered into the Offsetting Debt Agreements with the Relevant Xinyuan Real Estate Companies, pursuant to which the Relevant Xinyuan Real Estate Companies agreed to transfer the Target Properties to members of the Group at an aggregate consideration of RMB29,334,247 to be satisfied by, among others, offsetting certain Outstanding Accounts Receivable owing from the Relevant Xinyuan Real Estate Companies and their respective subsidiaries and associates to the Group.

At the extraordinary general meeting held on 6 August 2025, the Offsetting Debt Agreements were approved by the independent shareholders.

For further details, please refer to May 2025 Announcement and July 2025 Circular.

### Listing Rules Implications

As at the date of this report, Xinyuan Real Estate is indirectly interested in approximately 43.07% of the total number of issued Shares in the Company, and is one of the controlling shareholders of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Each of the Relevant Xinyuan Real Estate Companies, being a subsidiary of Xinyuan Real Estate, is a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Offsetting Debt Agreements constitute connected transactions of the Company.

As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Offsetting Debt Agreements, on an aggregated basis, exceeds 5% but is less than 25%, the Offsetting Debt Agreements and the transactions contemplated thereunder constitute a discloseable and connected transaction for the Company under Chapter 14 and 14A of the Listing Rules, which are subject to the reporting, announcement, circular and the independent shareholders’ approval requirements under the Listing Rules.

### Debt Settlement Agreements

References are made to the announcement of the Company dated 25 November 2025 (the “**November 2025 Announcement**”) and the circular of the Company dated 26 January 2026 (the “**January 2026 Circular**”). Unless the context requires otherwise, capitalized terms used in this section share have the same meanings as those defined in November 2025 Announcement and January 2026 Circular.



### Offsetting Debt Agreement 1

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and the Relevant Xinyuan Real Estate Companies 1 entered into the Offsetting Debt Agreement 1, pursuant to which the Relevant Xinyuan Real Estate Companies 1 agreed to transfer (and, where applicable, procure that their respective subsidiaries transfer) the Target Properties 1 to Xinyuan Science and Technology at an aggregate consideration of RMB89,073,130 to be satisfied by, among others, offsetting the Prepayment.

### Offsetting Debt Agreement 2

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company), Beijing Xinyuan Hongsheng (a wholly-owned subsidiary of the Company) and the Relevant Xinyuan Real Estate Companies 2 entered into the Offsetting Debt Agreement 2, pursuant to which the Relevant Xinyuan Real Estate Companies 2 agreed to transfer (and, where applicable, procure that their respective subsidiaries transfer) the Target Properties 2 to Xinyuan Science and Technology and Beijing Xinyuan Hongsheng at an aggregate consideration of RMB41,070,000 to be satisfied by, among others, offsetting the Indemnified Amount.

### Offsetting Debt Agreement 3

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and Zhengzhou Hangmei entered into the Offsetting Debt Agreement 3, pursuant to which Zhengzhou Hangmei agreed to transfer (and, where applicable, procure that its subsidiaries and associates transfer) the Target Properties 3 to Xinyuan Science and Technology at an aggregate consideration of RMB3,759,565.77 to be satisfied by offsetting the relevant amount of Outstanding Accounts Receivable owing by Zhengzhou Hangmei to Xinyuan Science and Technology.

### Lease Transaction

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and Tianjin Xinyuan entered into the Lease Agreement in relation to the lease of the Lease Properties for a term of 20 years. The rent will be satisfied by offsetting the relevant amount of Outstanding Accounts Receivable owing by Tianjin Xinyuan to Xinyuan Science and Technology.

Xinyuan Real Estate is indirectly interested in approximately 41.56% of the total number of issued Shares, and is a controlling Shareholder and thus a connected person of the Company under Chapter 14A of the Listing Rules. Each of the Relevant Xinyuan Real Estate Companies, being a subsidiary of Xinyuan Real Estate, is a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Offsetting Debt Agreements and the Lease Agreement constitute connected transactions of the Company.



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As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Lease Agreement is less than 5% and the total value of the right-of-use assets under the Lease Agreement is below HK\$3,000,000, the Lease Agreement and the transactions contemplated thereunder constitute a fully-exempt connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Offsetting Debt Agreements exceeds 25% but is less than 100%, the Offsetting Debt Agreements and the transactions contemplated thereunder constitute a major and connected transaction for the Company under Chapter 14 and 14A of the Listing Rules, which are subject to the reporting, announcement, circular and the independent Shareholders' approval requirements under the Listing Rules.

At the extraordinary general meeting held on 12 February 2026, the above mentioned Offsetting Debt Agreements and the Lease Agreement were approved by the independent Shareholders.

For further details, please see the section headed "Connected Transactions" in this annual report.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2025 are set out in note 34 to the financial statements contained herein.

Save as disclosed under the section headed "Connected Transaction", none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

### UPDATE ON DIRECTORS' INFORMATION

Save as disclosed herein, there have been no changes in information of Directors and members of senior management since the date of publication of the annual report of the Company for the year ended 31 December 2025, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.



## RETIREMENT BENEFIT SCHEME

The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

## MANAGEMENT CONTRACTS

There is no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this annual report, there was a sufficient prescribed public float of at least 25% of the issued shares of the Company under the Listing Rules.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association or the Companies Laws, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

## EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2025, the Group had approximately 2,139 employees (31 December 2024: approximately 2,166 employees).

The Group adopts a remuneration policy similar to its peers in the industry. The remuneration payable to our employees is determined with reference to their duties and the prevailing local market rates. Employees are paid discretionary performance bonuses upon review as reward for their contribution. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for its employees.



## REPORT OF THE DIRECTORS

The Remuneration Committee of the Company was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

The total remuneration cost incurred by the Group for the year ended 31 December 2025 was RMB271.2 million.

For the year ended 31 December 2025, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

### TAX RELIEF AND EXEMPTION

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

### CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made charitable and other donations in a total amount of RMB13,000.

### CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 43 to 63 of this annual report.

### AUDIT COMMITTEE

The Audit Committee has communicated with the management and external auditor and reviewed the accounting principles and policies adopted by the Group and the Company's consolidated financial statements for the year ended 31 December 2025.



## CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2025.

No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended 31 December 2025 after making reasonable enquiry.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Directors confirmed that there are no significant events after the reporting period.

## AUDITOR

Moore CPA Limited ("**Moore**") appointed as the auditor of the Company ("**Auditor**") with effect from 8 November 2021 and resigned as the Auditor with effect from 28 June 2024 due to Moore could not reach a consensus on the audit fee for the financial year ended 31 December 2024. Elite Partners CPA Limited ("**Elite Partners**") has been appointed as the Auditor with effect from 2 July 2024 to fill the casual vacancy following the resignation of Moore. Elite Partners resigned as the Auditor with effect from 5 November 2024 after taking into account a number of factors including the professional risk associated with the audit, the level of audit fees and its available internal resources in the light of its work flows. KTC Partners CPA Limited ("**KTC Partners**") was appointed as the new auditor of the Company with effect from 8 November 2024 to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the next AGM of the Company. For more details regarding the change of auditors of the Company, please refer to the announcements dated 2 July 2024 and 8 November 2024. Save as disclosed above, there was no change of auditor of the Company in the preceding three years.

The financial statements of the Group for the years ended 31 December 2025 were audited by KTC Partners who shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.



Xinyuan Property Management Service (Cayman) Ltd.

## REPORT OF THE DIRECTORS

A resolution to re-appoint KTC Partners as auditor of the Company and to authorise the directors of the Company to fix its remuneration will be proposed at the forthcoming annual general meeting

On behalf of the Board

**SHEN Yuan-Ching**

Chairman

Hong Kong, 30 March 2026



# INDEPENDENT AUDITOR'S REPORT



## KTC Partners CPA Limited

*Certified Public Accountants (Practising)*

中瑞和信會計師事務所有限公司

### To the Members of Xinyuan Property Management Service (Cayman) Ltd.

(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Xinyuan Property Management Service (Cayman) Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 107 to 230, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the Group’s consolidated financial position as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”), 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**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

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

#### ***Impairment of trade and other receivables, contract assets, deposits and prepayments (including related party balances)***

***(Refer to Note 22 "trade and bills receivables", Note 23 "contract assets" and Note 24 "deposits, prepayments and other receivables/payments to related party/prepayments to a related party" to the consolidated financial statements)***

#### **The Key Audit Matter**

As at 31 December 2025, the Group's net carrying amounts of trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables amounted to approximately RMB331,443,000, RMB73,109,000, RMB89,073,000, RMB157,807,000 and RMB243,379,000 respectively.

The Group's aggregate Expected Credit Loss ("ECL") of trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables as at 31 December 2025 amounted to approximately RMB275,141,000, RMB34,372,000, RMBnil, RMB39,682,000 and RMB182,516,000 respectively.

The management of the Company performed periodic assessment and individual assessment on the recoverability of the trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables, and the sufficiency of the allowance for ECL.

#### **How the Matter was Addressed in Our Audit**

We have performed the following procedures to address this key audit matter:

- (i) Evaluated the design and tested the operating effectiveness of controls over managing, monitoring the billing and collection process and assessing the recoverability of trade receivables, contract assets and other receivables;
- (ii) Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
- (iii) Obtained the ageing analysis of trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables, and discussed with the management about their evaluation of the background, financial capability of the customers, evaluation of the impact of any unforeseen delay of the projects and their credit assessment that the amounts were recoverable;



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS (CONTINUED)

#### The Key Audit Matter

Management's estimate of the amount of ECL for trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables was based on the credit risk of respective trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables after considering the credit profile of respective customers, ageing analysis, historical loss experience, and on-going trading relationship with the relevant customers. The management also considered the forward-looking information that may impact the customers' ability to repay the outstanding balances.

We identified the impairment of the balances due from both third parties and related parties for trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits, prepayments and other receivables as key audit matter due to the magnitude of the balances and the assessment of the recoverability of the customers involved significant judgement and estimates made by the management.

#### How the Matter was Addressed in Our Audit

- (iv) Tested the integrity of information used to develop the provision matrix, including ageing analysis of trade receivables, on a sampling basis, to the underlying financial records and post year end settlements;
- (v) Inquired the management for (i) the status of each of the material trade and other receivables past due and (ii) the billing status of each of material contract assets as at the year end, and corroborated explanations from the management with supporting evidence; and
- (vi) Assessed the appropriateness of the provisioning methodology and challenged the management's basis and judgement in determining credit loss allowance on trade and bills receivables, contract assets, prepayments to a related party, payments to a related party, deposits and prepayments and other receivables as at 31 December 2025, including the reasonableness of grouping in the provision matrix, the basis of estimation of loss rates for customers and forward-looking information on trade receivables, and the reasonableness of loss rates and forward-looking information on contract assets and other receivables.



## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

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

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

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

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

### RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB 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.

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



## INDEPENDENT AUDITOR'S REPORT

## 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. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **KTC Partners CPA Limited**

*Certified Public Accountants (Practising)*

Chow Yiu Wah, Joseph  
*Audit Engagement Director*

Practising Certificate Number: P04686  
Hong Kong, 30 March 2026



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>904,878</b>	868,874
Cost of services		<b>(622,207)</b>	(623,888)
Gross profit		<b>282,671</b>	244,986
Other income, gains and losses – net	6	<b>4,232</b>	26,895
Administrative expenses		<b>(95,169)</b>	(93,130)
Selling and marketing expenses		<b>(35,788)</b>	(27,620)
Research and development costs		<b>(16,911)</b>	(17,491)
Provision for impairment on financial assets and contract assets (other than related parties)	7	<b>(48,925)</b>	(36,172)
Reversal for impairment on financial assets and contract assets (related parties)	7	<b>26,482</b>	33,173
Reversal/(provision) for impairment on prepayments	7	<b>41,737</b>	(27,476)
Provision for impairment on investment properties	19	<b>(4,477)</b>	(2,671)
Interest on lease liabilities	16(c)	<b>(1,664)</b>	(1,041)
Provision for impairment on goodwill	15	<b>(3,090)</b>	–
Other expenses	8	<b>(19,510)</b>	(7,191)
Share of profits of associates	18	<b>438</b>	77
Profit before income tax	7	<b>130,026</b>	92,339
Income tax expense	11	<b>(30,598)</b>	(3,699)
Profit and total comprehensive income for the year		<b>99,428</b>	88,640
Profit and total comprehensive income for the year attributable to:			
Equity holders of the Company		<b>97,765</b>	87,041
Non-controlling interests		<b>1,663</b>	1,599
		<b>99,428</b>	88,640
		<b>RMB cents</b>	RMB cents
Earnings per share attributable to the equity holders of the Company			
– Basic	13	<b>16.49</b>	15.08
– Diluted		<b>16.49</b>	15.08



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	11,862	13,335
Goodwill	15	–	3,090
Right-of-use assets	16(a)	24,235	38,692
Intangible assets	17	34,182	38,929
Investments in associates	18	1,093	655
Prepayments to a related party	24	89,073	47,336
Investment properties	19	43,235	49,574
Financial asset at fair value through other comprehensive income	20	4,000	4,000
Deferred tax assets	29	51,778	45,273
		<b>259,458</b>	240,884
<b>CURRENT ASSETS</b>			
Inventories	21	20,218	43,710
Payments to a related party	24	157,807	99,297
Trade and bills receivables	22	331,443	324,826
Contract assets	23	73,109	58,351
Deposits, prepayments and other receivables	24	243,379	249,630
Cash and cash equivalents	25	238,448	264,018
		<b>1,064,404</b>	1,039,832
<b>CURRENT LIABILITIES</b>			
Trade payables	26	161,866	144,963
Other payables and accruals	27	240,481	264,179
Contract liabilities	28	125,027	144,489
Lease liabilities	16(b)	14,591	14,269
Tax payable		102,776	84,450
		<b>644,741</b>	652,350
<b>NET CURRENT ASSETS</b>		<b>419,663</b>	387,482
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>679,121</b>	628,366



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(b)	15,531	32,781
Deferred tax liabilities	29	5,208	6,905
Total non-current liabilities		<b>20,739</b>	39,686
<b>Net assets</b>		<b>658,382</b>	588,680
<b>EQUITY</b>			
Share capital	30	5	5
Reserves	31	652,021	583,982
Equity attributable to owners of the Company		<b>652,026</b>	583,987
Non-controlling interests		<b>6,356</b>	4,693
<b>Total equity</b>		<b>658,382</b>	588,680

The consolidated financial statements on pages 107 to 230 were approved and authorized for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

**SHEN Yuan-Ching**  
*Director*

**Wang Yong**  
*Director*



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium*	Other reserve*	PRC reserve funds*	Retained earnings*	Total		
	RMB'000	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000 (Note 32)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	5	628,803	(157,325)	25,197	41,952	538,632	3,094	541,726
Profit and total comprehensive income for the year	-	-	-	-	87,041	87,041	1,599	88,640
Issue of new shares for share award scheme (Note 32)	-	-	7,848	-	-	7,848	-	7,848
Vesting of awarded shares (Note 32)	-	7,848	(7,848)	-	-	-	-	-
Dividends (Note 12)	-	-	-	-	(49,534)	(49,534)	-	(49,534)
<b>At 31 December 2024 and 1 January 2025</b>	<b>5</b>	<b>636,651</b>	<b>(157,325)</b>	<b>25,197</b>	<b>79,459</b>	<b>583,987</b>	<b>4,693</b>	<b>588,680</b>
Profit and total comprehensive income for the year	-	-	-	-	97,765	97,765	1,663	99,428
Dividends (Note 12)	-	-	-	-	(29,726)	(29,726)	-	(29,726)
<b>At 31 December 2025</b>	<b>5</b>	<b>636,651</b>	<b>(157,325)</b>	<b>25,197</b>	<b>147,498</b>	<b>652,026</b>	<b>6,356</b>	<b>658,382</b>

\* These reserve accounts comprise the consolidated reserves of RMB652,021,000 (2024: RMB583,982,000) in the consolidated statement of financial position.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	130,026	92,339
Adjustments for:		
Interest income	(686)	(1,253)
Recovery from loss on the interest income from Pledges	–	(24,438)
Share of profit of associates	(438)	(77)
Loss on write-off of property, plant and equipment	1,251	94
Loss on write-off of intangible assets	562	–
Gain on disposal of a subsidiary	–	(95)
Depreciation and amortisation	28,829	19,168
Provision for impairment on financial assets and contract assets (other than related parties), net	48,925	36,172
Reversal for impairment on financial assets and contract assets (related parties), net	(26,482)	(33,173)
(Reversal)/provision for impairment of prepayments	(41,737)	27,476
Provision for impairment on goodwill	3,090	–
Loss on partial settlement of other receivables related to Pledges	–	6,489
Gain on redemption of financial assets at fair value through profit or loss ("FVTPL")	–	(166)
Provision for impairment on investment properties	4,477	2,671
Share award expenses	–	7,848
Write down of inventories	15,399	5,055
Interest on lease liabilities	1,664	1,041
Loss on early termination of leases	299	–
Foreign exchange differences, net	1,317	1,311
<b>Operating cash flows before movements in working capital</b>	<b>166,496</b>	<b>140,462</b>
Increase in trade receivables	(101,261)	(71,573)
Increase in contract assets	(4,987)	(15,172)
Decrease/(increase) in deposits, prepayments and other receivables	10,171	(37,274)
Decrease in inventories	8,093	4,926
(Decrease)/increase in contract liabilities	(19,462)	20,866
Increase in trade payables	16,903	22,947
Decrease in other payables and accruals	(23,698)	(3,643)
Cash generated from operations	52,255	61,539
Income tax paid	(20,474)	(25,978)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>31,781</b>	<b>35,561</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		686	1,253
Purchases of property, plant and equipment		(6,494)	(7,816)
Purchases of intangible assets		(140)	(283)
Net cash inflow from acquisition of subsidiaries		–	21,989
Purchase of financial asset at fair value through other comprehensive income (“FVTOCI”)		–	(4,000)
Purchase of an associate		–	(102)
Sales proceed received from redemption of financial assets at FVTPL		–	10,267
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>		<b>(5,948)</b>	<b>21,308</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(20,360)	(965)
Dividend paid by the Company		(29,726)	(49,534)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(50,086)</b>	<b>(50,499)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		264,018	258,957
Effect of exchange rate changes		(1,317)	(1,309)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<b>238,448</b>	<b>264,018</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated on 13 December 2018 in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at the offices of PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company. During the year, the Company’s subsidiaries were involved in the following principal activities:

- Property management services
- Value-added services
- Pre-delivery and consulting services
- Property engineering services

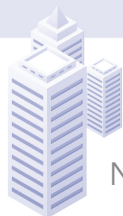
In the opinion of the Directors, the ultimate holding company of the Company is Xinyuan Real Estate Co., Ltd. (the “**Ultimate Holding Company**”), a company established in the Cayman Islands and its shares were listed on the New York Stock Exchange during the year and were delisted on 16 January 2026. The immediate holding company of the Company is Xinyuan Real Estate, Ltd. and the ultimate controlling shareholders of the Company are Mr. Yong Zhang and Ms. Yuyan Yang.

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”), which includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) interpretations issued and approved by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values at the end of the reporting period.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, which is the same as the functional currencies of the Company and its subsidiaries. All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.1 BASIS OF PREPARATION (CONTINUED)

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.1 BASIS OF PREPARATION (CONTINUED)

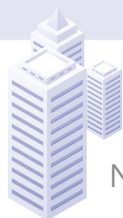
#### Basis of consolidation (Continued)

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 described above.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity shareholders of the Company.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

In the Company's statement of financial position, investments in subsidiaries is stated at cost less impairment losses (see Note 2.3(h)), unless the investment is classified as held for sale.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.2 ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The principal accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2025 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2024, except for the application of the new and amendments to IFRS Accounting Standards as explained below.

#### Adoption of amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has adopted for the first time the following amendments to IFRS Accounting Standards issued by IASB, which are mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the above amendments to an IFRS Accounting Standard in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.2 ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

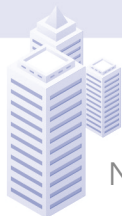
### Adoption of amendments to IFRS Accounting Standards that are mandatorily effective for the current year (Continued)

Except for the new and amendments to IFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards is not expected to have material impact on the Group's consolidated financial statements in the future.

### Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Investments in associates

Investments in associates are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Investments in associates are accounted for using the equity method from the date on which the investees become associate. On acquisition of the investment in associates, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group assesses whether there is an objective evidence that the investments in associates may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the policy described in Note 2.3(h).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

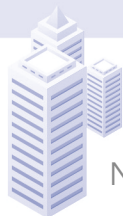
## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (b) Business combinations

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the acquirer elects not to apply the test, the Group shall then perform the assessment to determine if the inputs and substantive process that together significantly contribute to the ability to create output are present to determine whether the set of activities and assets is a business.

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (b) Business combinations (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (c) Fair value measurement

The Group measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (d) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (d) Related parties (Continued)

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

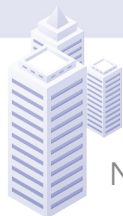
#### (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal useful lives for this purpose are as follows:

Structures	3 to 10 years
Transportation equipment	5 to 10 years
Office equipment	3 to 5 years
Machinery equipment	3 to 10 years
Leasehold improvements	3 years



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) **Investment properties**

Investment properties, representing car parking spaces and clubhouses held under leases, are held for rental yields and are not occupied by the Group.

Investment properties are initially measured at cost, including any directly attributable expenditure, related transaction costs and where applicable borrowing costs less depreciation and impairment loss. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost over their lease term varying from 20 to 30 years.

(g) **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

The principal estimated useful lives for this purpose are as follows:

Computer software	10 years
Premises operating right	10 years

Intangible assets are test for impairment as described below to the consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (h) Impairment of non-financial assets other than goodwill

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investment properties;
- right-of-use assets;
- intangible assets;
- investments in subsidiaries in the Company's statement of financial position;
- investments in associates.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

- (h) Impairment of non-financial assets other than goodwill (Continued)
  - Reversals of impairment losses

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

- (i) Leases

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

#### Group as a lessee

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

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

- (a) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of laptops and office furniture 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 or another systematic basis over the lease term.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (i) Leases (Continued)

**Group as a lessee (Continued)**(b) *Right-of-use assets*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

Right-of-use assets (included in "Right-of-use assets" (Note 16(a)) and "Investment Properties" (Note 19)) are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

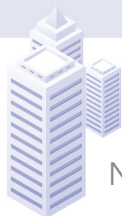
The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(c) *Refundable rental deposits*

Refundable rental deposits paid are accounted for under IFRS 9 Financial Instruments ("IFRS 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.

(d) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (i) Leases (Continued)

##### Group as a lessee (Continued)

##### (d) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (i) Leases (Continued)

##### Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("**sublease lessor**") to a third party, and the lease ("**head lease**") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease.

If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease. Otherwise, the sublease shall be classified by referenced to the right-of-use asset arising from the head lease as finance lease or operating lease.

#### (j) Investments and other financial assets

##### Financial assets

##### *Classification and subsequent measurement of financial assets*

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**") and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (j) Investments and other financial assets (Continued)

##### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

A financial asset is classified as held for trading if:

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

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

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

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.

The Group's financial assets at amortised cost include trade receivables, deposits and payments and other receivables.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (j) Investments and other financial assets (Continued)

##### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured 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 "Change in fair value of financial assets at fair value through profit or loss" line item.

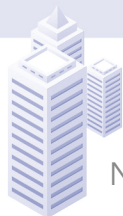
##### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (j) Investments and other financial assets (Continued)

Financial assets at FVTPL (Continued)

*Derecognition of financial assets (Continued)*

*Impairment of financial assets*

The Group assesses on a forward-looking basis the ECL associated with its assets carried at amortised cost. ECL are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. The impairment methodology applied depends on whether there has been a significant increase 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 ("**12-m 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 contract assets. For all other financial assets, the Group measures the loss allowance equals to 12m ECL, unless 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.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in external credit rating of the debtors;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet their obligations;
- actual or expected significant changes in the operating results of the debtors;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (j) Investments and other financial assets (Continued)

## Financial assets (Continued)

*Impairment of financial assets (Continued)*

## Significant increase in credit risk (Continued)

- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors and changes in the operating results of the debtors.

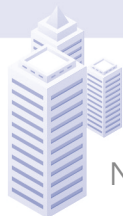
Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 37(a) details how the Group determines whether there has been a significant increase in credit risk. 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.

## 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

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (j) Investments and other financial assets (Continued)

##### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

##### Credit-impaired financial assets

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

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

##### 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.

##### 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 adjusted by 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 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (j) Investments and other financial assets (Continued)

**Financial assets (Continued)***Impairment of financial assets (Continued)*

## Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Past-due status; and
- Nature, size and industry of debtors.

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

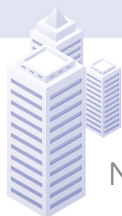
For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The ECL on trade receivables and contract assets are assessed individually for debtors with significant balances and collectively for other debtors based on the Group's internal credit rating, historical credit loss experience and expected settlement dates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

At every reporting date, the estimated default rates are reassessed and changes in the forward-looking estimates are considered.

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

ECL is measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (k) Financial liabilities

##### **Classification and subsequent measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities.

After initial recognition, the financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when, and only when, the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognised to profit or loss.

#### (l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (m) Cash and cash equivalents and term deposits

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

## (n) Inventories

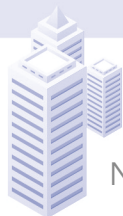
Cost of inventories are mainly parking spaces which comprises acquisition cost and other direct expenses.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the parking spaces.

## (o) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (p) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (p) Income tax (Continued)

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

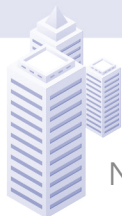
Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

## (q) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (r) Revenue from contracts with customers

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

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

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

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

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

#### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer that is not yet conditional. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment in accordance with IFRS 9, details of which are included in the accounting policies for impairment of financial assets. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (r) Revenue from contracts with customers (Continued)

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

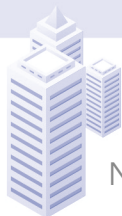
A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

**Contract costs**

Other than the costs which are capitalised as property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) **Revenue from contracts with customers (Continued)**

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

If contracts involve the sale of multiple services, the transaction prices will be allocated to each performance obligation based on their relative stand-alone selling prices.

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

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Output method

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (r) Revenue from contracts with customers (Continued)

*Principal versus agent*

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

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

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

The Group provides property management services, value-added services and pre-delivery and consulting services and property engineering services. Revenue from contracts with customers is recognised when services are rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Depending on the terms of the contracts and the laws that apply to the contract, services may be recognised over time or at a point in time.

**Property management services**

Property management services mainly include security, cleaning, greening, repair and maintenance and file management services to owners or tenants of properties.

The Group recognises certain property management services under lump sum basis and under commission basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) **Revenue from contracts with customers (Continued)**

**Property management services (Continued)**

Revenue from the property management services is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs. The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

For property management services income from properties managed under a lump sum basis, where the Group acts as principal and is primarily responsible for providing the general property management services to the property owners by on-site staff which the labour costs are borne by the Group. Other expenses associated with general management services are borne by the Group. If the amount of general property management fees received is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the Group the shortfall. The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

For property management services income from properties managed under a commission basis, the general property management services are delivered by on-site staff which the labour costs are borne by the property owners, the Group acts as an agent and is primarily responsible for arranging and monitoring the services as provided by labours and other suppliers to the property owners. Expenses associated with general management services are covered by the balance of the gross general property management fees paid by the property owners after deducting the commissions payable to the Group. The Group is not responsible for any shortfall if the amount of general property management fees received is not sufficient to cover all the associated expenses incurred. All shortfall or surplus are assumed or entitled by the property owners. The Group recognises the commission, which is calculated by a certain percentage of the total property management fee received or receivable from the property owners.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (r) Revenue from contracts with customers (Continued)

**Value-added services**

The value-added services mainly include the community area resources management services, property improvement services and utility expense collection services. Payment of these transaction is due immediately when the value-added services are rendered to the property owners.

The Group provides community area resources management services, which is leasing common spaces and public facilities owned by property owners to third parties and the provision of common area resources maintenance and management services, revenue is recognised over time when the relevant services are rendered, as the customer simultaneously receives and consumes the benefits provided by the Group.

For property improvement services, revenue is recognised over time, using an input method to measure progress towards the completion of the service, because the Group's performance enhances an asset that the customer controls as the asset is enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the property improvement services. The revenue is recognised on a gross basis as the Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified goods when the goods are delivered to customers.

For utility expenses collection services, the Group acts as an agent to collect the utility expenses from the property occupants and return to relevant government bodies. Handling income which is calculated by a pre-determined cost-plus-margin approach on the utility expenses paid, is recognised at net basis at the point in time when the utility expenses are collected and returned to relevant government bodies.

Other value-added services including housekeeping, facilities and equipment maintenance for house and retail services. Revenue from housekeeping and maintenance services are recognised when the related services are rendered. Revenue from handling services provided for online platform, which is calculated by a pre-determined cost-plus-margin approach on the retail price paid, is recognised at the point in time when the control of the goods is transferred to the customers. During the progress of providing the housekeeping and facilities and equipment maintenance services, the Group has the whole control over the services and is responsible for the quality of services. For retail services, the Group buy products (purified water, daily necessities and etc.) firstly from third parties and sell to residents online, the Group has the whole control over products and responsible for the quality of products.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (r) Revenue from contracts with customers (Continued)

##### **Pre-delivery and consultancy services**

Pre-delivery services include providing sales assistance services, for instance (i) property sales venue management services and (ii) property sales venue “warm-up” services at the pre-delivery stage. Consulting services mainly include (i) consulting service on project planning, design management and construction management to property developers at early and construction stages and (ii) referral and management services provided to property developers. The Group agrees the price for each service with the customers upfront and issues monthly or quarterly bills to the customers which varies based on the actual level of service completed.

Revenue from property sales venue management and property sales venue “warm-up” services is recognised over time, in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group.

##### **Property engineering services**

Property engineering services include providing engineering and construction services to property developers.

Revenue from construction services is recognised over time using the output method to estimate the progress of each performance obligation satisfied over time by reference to the value of engineering and construction works completed to date (as certified by external surveyors or evaluated by internal project managers) as a proportion of the total contract value of the relevant construction contracts.

##### **Revenue from other sources**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

## (s) Other employee benefits

**People's Republic of China ("PRC") contribution plan**

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefit scheme are charged to profit or loss as incurred.

## (t) Dividends

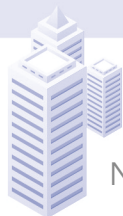
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

## (u) Translation of foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Estimation uncertainty

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

#### Provision of ECLs on balances with the related parties

Provision of ECLs on the balances with related parties are estimated based on assumptions about the risk of default and credit risk of counterparties, which involves high degree of estimation and uncertainty. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional provision to profit or loss.

The balances with related parties will use lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account quantitative and qualitative reasonable and supportable forward-looking information including available counterparties' historical data and existing and forecast market conditions.

ECLs on balances with related parties which are not assessed to be credit impaired are estimated based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considers factors including macroeconomic factors, industry risks and changes in debtors' conditions. Judgement is applied in identifying the most appropriate ECL model as well as for determining the assumptions used in the model, including those related to key drivers of credit risk.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### Provision of ECLs on balances with the related parties (Continued)

For the previously unauthorised financial guarantee contracts provided to a subsidiary of the Ultimate Holding Company and certain companies which are not part of the Group (the “**Borrowers**”), the Group measured the ECL on financial guarantee contracts by reference to the Ultimate Holding Company’s written response and the expected recovery plan. Detailed disclosure of these ECL is made in Notes 7 and 24(f). The directors of the Company have assessed the legality and enforceability of those non-financial assets as agreed to be transferred to the Group under the arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023. No receivables associated with the Pledges has been derecognised until the legal uncertainty could be removed. During the year ended 31 December 2024, certain non-cash assets of the Ultimate Holding Company were transferred to the Group as a partial settlement (Notes 33 and 39(a)). During the year ended 31 December 2025, certain non-cash assets of the Ultimate Holding Company were arranged to transfer to the Group as a debt offsetting/settlement of certain trade receivables from related parties, contract assets with related parties, other receivables from related parties and prepayment to a related party, in respect of the offsetting debt agreements entered on 19 May 2025 and debt settlement agreements entered on 25 November 2025 (Note 38). The Group is still working with the Ultimate Holding Company on the transfer of the relevant legal title of the relevant assets up to the date of approval of these consolidated financial statements. Hence, the above-mentioned non-cash assets were not recognised as assets in the consolidated statement of financial position as at 31 December 2025.

The information about the ECL and the Group’s balances with the related parties included in trade receivables, contract assets and other receivables are disclosed in Notes 22, 23 and 24, respectively.

##### Provision of ECL on trade receivables and contract assets

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for customers with significant balances or credit-impaired, which are assessed for impairment individually, the Group used provision matrix to calculate the ECL for its trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### Provision of ECL on trade receivables and contract assets (Continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Where the actual outcome or expectation in future is different from original estimate, such differences will impact the carrying amount of trade receivables and contract assets and credit loss allowance in the period in which the estimate has been changed. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 22 and Note 23 to the financial statements, respectively.

##### Estimated useful lives of intangible assets

The directors of the Company determines the estimated useful lives of the Group's intangible assets with finite useful lives for the calculation of intangible assets. The estimate is determined after considering the expected period in which economic benefits can be generated from the intangible assets. The directors of the Company review the estimated useful lives on an annual basis and future amortisation charges are adjusted where the Group believes the useful lives differ from previous estimates.

##### Fair value of financial instruments

Where the fair value of financial assets recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive of the Company.

During the year, the Group is principally engaged in the provision of property management services, value-added services, pre-delivery and consulting services and property engineering services to customers in the People's Republic of China ("PRC"). Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived in the PRC during the year (2024: Same).

As at 31 December 2025, all of the non-current assets were located in the PRC (2024: Same).

### 5. REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services, pre-delivery and consulting services and property engineering services rendered to customers. An analysis of the Group's revenue by category is as follows:

#### (1) Disaggregation of revenue

	2025 RMB'000	2024 RMB'000
<b>Revenue from contract with customers within the scope of IFRS 15, analysed by types of goods or services</b>		
Property management services	<b>636,982</b>	570,548
– Residential properties	<b>477,219</b>	451,170
– Non-residential properties	<b>159,763</b>	119,378
Value-added services	<b>206,635</b>	203,863
Pre-delivery and consulting services	<b>3,907</b>	11,252
Property engineering services	<b>57,354</b>	83,211
	<b>904,878</b>	868,874



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5. REVENUE (CONTINUED)

## (1) Disaggregation of revenue (Continued)

Revenue from contracts with customers within the scope of IFRS 15 by timing of revenue recognition:

	Property management services		Value-added services		Pre-delivery and consulting services		Property engineering services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Point in time	-	-	68,003	58,322	162	330	-	-	68,165	58,652
Over time	636,982	570,548	138,632	145,541	3,745	10,922	57,354	83,211	836,713	810,222
	636,982	570,548	206,635	203,863	3,907	11,252	57,354	83,211	904,878	868,874

For the year ended 31 December 2025, revenue from property management services, value-added services, pre-delivery and consulting services and property engineering services from entities controlled by the Ultimate Holding Company amounted to approximately RMB11,154,000, RMB6,684,000, RMB1,231,000 and RMB15,058,000 (2024: RMB11,172,000, RMB6,629,000, RMB7,195,000 and RMB43,495,000) respectively, representing 1.23%, 0.74%, 0.14% and 1.66% (2024: 1.29%, 0.76%, 0.83%, 5.01%) respectively to the Group's total revenue. Other than the entities controlled by the Ultimate Holding Company, the Group had a large number of customers and none of whom contributed 10% or more to the Group's revenue for the year (2024: Nil).

## (2) Contract liabilities

The following table shows the revenue recognised in the current year relating to carried-forward contract liabilities:

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	144,489	106,502

## (3) Performance obligations

For property management services and pre-delivery and consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date.

The majority of the property management service contracts do not have a fixed term. The terms of the contracts for pre-delivery and consulting services (except for construction services) are generally set to expire when the counterparties notify the Group that the services are no longer required.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 5. REVENUE (CONTINUED)

## (3) Performance obligations (Continued)

For property engineering services, the Group recognises revenue over time by using the output method to estimate the progress of each performance obligation satisfied over time by reference to the value of engineering and construction works completed to date (as certified by external surveyors or evaluated by internal project managers) as a proportion of the total contract value of the relevant construction contracts.

The Group has elected the practical expedient in paragraph 121 of IFRS 15 for the value-added services and property engineering services contracts that regarding the performance obligation that has an original expected duration of one year or less, the Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognise as revenue.

## 6. OTHER INCOME, GAINS AND LOSSES – NET

	2025 RMB'000	2024 RMB'000
Bank interest income	686	1,253
Recovery from loss on interest income from the Pledges (Note (a))	–	24,438
Loss on partial settlement of other receivables related to the Pledges, net (Note 24(f) & 33)	–	(6,489)
Government grants (Note (b))	624	590
Foreign exchange differences, net	(1,317)	(1,311)
Gain on redemption of financial assets at FVTPL	–	166
Gain on disposal of a subsidiary	–	95
Others	4,239	8,153
	<b>4,232</b>	<b>26,895</b>

Notes:

- (a) For the year ended 31 December 2024, the recovery of the loss on interest income from the Pledges, amounting to RMB24,438,000, represented the interest loss incurred by the Group, and was compensated to the Group pursuant to the final and legally binding arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023. (Notes 24 (f) and 39).
- (b) Government grants mainly represented the subsidies received from the local government in support of the business operation. There was no condition to be fulfilled by the Group in relation to the subsidies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 7. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Employee benefit expenses ( <i>Note (a)</i> ) (excluding Directors' and chief executive's remuneration) included in:			
Wages and salaries		225,022	189,850
Pension scheme contributions		32,120	27,522
		<b>257,142</b>	217,372
Impairment of financial assets at amortised cost and contract assets			
– Third parties			
Provision for impairment of trade receivables	22	58,693	14,841
Provision for impairment of contract assets	23	2,942	7,350
(Reversal)/provision for impairment of financial assets included in deposits	24(e)	(9,492)	12,404
(Reversal)/provision for impairment of financial assets included in other receivables	24(c)	(3,218)	1,577
		<b>48,925</b>	36,172
– Related parties			
Provision/(reversal) for impairment of trade receivables	22	35,951	(34,556)
(Reversal) for impairment of contract assets	23	(12,713)	(4,004)
(Reversal) for impairment of financial assets included in payments	24(b)	(61,621)	(3,019)
Provision for impairment of other receivables	24(c)	5,347	8,406
Provision for impairment of other receivables – receivables related to Pledges	24(f)	6,554	–
		<b>(26,482)</b>	(33,173)
(Reversal)/provision for impairment of prepayments	24(a)	(41,737)	27,476



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7. PROFIT BEFORE INCOME TAX (CONTINUED)

	Notes	2025 RMB'000	2024 RMB'000
Depreciation and amortisation:			
Depreciation of property, plant and equipment (Note (b))	14	6,716	5,854
Depreciation of right-of-use assets (Note (c))	16(c)	15,926	8,475
Depreciation of investment properties (Note (d))	19	1,862	1,463
Amortisation of intangible assets (Note (e))	17	4,325	3,376
		<b>28,829</b>	19,168
Auditor's remuneration		1,581	2,143
Professional fee on Investigation and Internal Control Review		415	3,601
Expenses relating to short-term leases	16(c)	394	228
Loss on write-off of property, plant and equipment	14	1,251	94

Cost of sales dealt with in the consolidated financial statements represented cost of services provided by the Group.

## Notes:

- (a) Total employee benefit expenses of approximately RMB169,258,000 and RMB87,884,000 (2024: RMB140,059,000 and RMB77,313,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2025.
- (b) Total depreciation of property, plant and equipment of approximately RMB3,306,000 and RMB3,410,000 (2024: RMB3,677,000 and RMB2,177,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2025.
- (c) Total depreciation of right-of-use assets of approximately RMB11,864,000 and RMB4,062,000 (2024: RMB4,943,000 and RMB3,532,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2025.
- (d) Total depreciation of investment properties of approximately RMB1,862,000 (2024: RMB1,463,000) were charged to cost of sales for the year ended 31 December 2025.
- (e) Total amortisation of intangible assets of approximately RMB3,956,000 and RMB369,000 (2024: RMB2,943,000 and RMB433,000) were charged to cost of sales and administrative expenses, respectively for the year ended 31 December 2025.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 8. OTHER EXPENSES

	2025 RMB'000	2024 RMB'000
Write down of inventories (Note 21)	15,399	5,055
Others (Note)	4,111	2,136
	19,510	7,191

Note: The "others" mainly consist of the penalties, compensation and tax surcharges during the daily operation.

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	550	495
Salaries, allowances and benefits in kind	10,812	14,123
Pension scheme contributions	147	198
Equity-settled share-based payments	–	7,848
	11,509	22,664

During the year ended 31 December 2025, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 December 2025 (2024: Nil).

Salaries, allowances and benefits in kind paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. The non-executive director and independent non-executive directors' emoluments shown below were mainly for their services as directors of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

Executive directors, non-executive directors and independent non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payments RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2025</b>						
<b>Executive directors</b>						
Mr. FENG Bo	-	1,772	-	-	68	1,840
Mr. SHEN Yuan-Ching	-	6,123	-	-	11	6,134
Mr. WANG Yong	-	2,917	-	-	68	2,985
	-	10,812	-	-	147	10,959
<b>Non-executive director</b>						
Mr. TIAN Wenzhi	110	-	-	-	-	110
<b>Independent non-executive directors</b>						
Mr. Li Yifan	110	-	-	-	-	110
Ms. Zhao Xia (Note i)	110	-	-	-	-	110
Mr. LAN Ye	110	-	-	-	-	110
Mr. LING Chenkai	110	-	-	-	-	110
	440	-	-	-	-	440
<b>2024</b>						
<b>Executive directors</b>						
Mr. FENG Bo	-	2,283	-	-	66	2,349
Mr. SHEN Yuan-Ching	-	8,588	-	5,232	66	13,886
Mr. WANG Yong	-	3,252	-	2,616	66	5,934
	-	14,123	-	7,848	198	22,169
<b>Non-executive director</b>						
Mr. TIAN Wenzhi	110	-	-	-	-	110
<b>Independent non-executive directors</b>						
Mr. Li Yifan	110	-	-	-	-	110
Ms. Zhao Xia (Note i)	55	-	-	-	-	55
Mr. LAN Ye	110	-	-	-	-	110
Mr. LING Chenkai	110	-	-	-	-	110
	385	-	-	-	-	385

Note:

- (i) On 8 April 2024, Ms. Zhao Xia was appointed as independent non-executive director of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors, including one director also being chief executive (2024: three directors including one director also being chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,407	2,066
Pension scheme contributions	137	133
	<b>2,544</b>	2,199

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025 Number of individuals	2024 Number of individuals
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	–

During the year ended 31 December 2025, the five highest paid employees did not receive any emolument from the Group as an inducement to join or upon joining the Group, nor leave the Group or as compensation for loss of office (2024: Nil).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current income tax – PRC:		
Corporate income tax	38,800	21,294
Withholding tax	–	977
	<b>38,800</b>	<b>22,271</b>
Deferred income tax – PRC:		
Deferred tax assets	(6,505)	(18,183)
Deferred tax liabilities	(1,697)	(389)
	<b>(8,202)</b>	<b>(18,572)</b>
Total tax charge for the year	<b>30,598</b>	<b>3,699</b>

## (a) Cayman Islands income tax

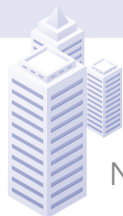
The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

## (b) British Virgin Islands (“BVI”) income tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

## (c) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year (2024: Nil).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. INCOME TAX EXPENSE (CONTINUED)

## (d) PRC corporate income tax

Under the relevant PRC income tax law, four PRC entities of the Group are subject to corporate income tax at a rate of 25% during the year on their respective taxable income (2024: Same).

Other than the PRC entities mentioned above, the other PRC entities of the Group are qualified as small profit enterprise, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. The remaining portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

## (e) Withholding tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The above PRC withholding tax has been provided based on the net profits of the year planned to be distributed by the Company's Mainland China subsidiaries and the applicable tax rate of 5%.

A reconciliation of the income tax expense applicable to profit before income tax at the statutory rates for the jurisdictions in which the companies comprising the Group are domiciled to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	130,026	92,339
Tax at the statutory tax rates of PRC at 25%	32,507	23,085
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	4,048	2,136
Share of profits of associates	(110)	(19)
Withholding income tax	–	977
Effect of non-deductible items	919	3,857
Effect of non-taxable items	(6,766)	(26,337)
Tax charge at the Group's effective tax rate	30,598	3,699



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12. DIVIDENDS

Dividends payable to ordinary equity holders of the Company attributable to the year:

	2025 RMB'000	2024 RMB'000
Interim dividend in respect of the current financial year, approved and paid during the year of HK2.77 cents (2024: HK5.52 cents) per ordinary share (Note (a))	14,981	29,563
Final dividend in respect of the previous financial year, approved and paid during the year of HK2.73 cents per ordinary share (Note (b))	14,745	–
Special interim dividend in respect of the previous financial year, approved and paid during the year of HK3.8 cents per ordinary share (Note (c))	–	19,971
	<b>29,726</b>	<b>49,534</b>

## Notes:

- (a) On 28 August 2025, the Board recommended the payment of an interim dividend of HK2.77 cents per ordinary share, amounting to approximately HK\$16,427,000 (equivalent to RMB14,981,000) in aggregate in respect of the six months ended 30 June 2025 and has been paid in September 2025.

On 29 August 2024, an interim dividend in respect of the six months ended 30 June 2024 of approximately HK5.52 cents per ordinary share, amounting to approximately HK\$32,736,000 (equivalent to RMB29,563,000), was recommended by the Board and was paid in September 2024.

- (b) A final dividend in respect of the year ended 31 December 2025 of HK1.91 cents per ordinary share, amounting to approximately HK\$11,327,000 (equivalent to RMB9,969,000), was proposed by the Board on 30 March 2026. The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2025. A final dividend in respect of the year ended 31 December 2024 of HK2.73 cents per ordinary share, amounting to approximately HK\$16,190,000 (equivalent to RMB14,745,000), was proposed by the Board on 31 March 2025 and was paid in July 2025.
- (c) A special dividend in respect of the six months ended 30 June 2023 of HK3.8 cents per ordinary share, amounting to approximately HK\$21,565,000 (equivalent to RMB19,971,000), was recommended by the Board on 12 March 2024 and was paid in April 2024.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 13. EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2025, the basic earnings per share is calculated by dividing the profit of approximately RMB97,765,000 (2024: RMB87,041,000) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares of 593,037,500 (2024: 577,268,400) in issue during the year. There were no differences between the basic and diluted earnings per share as there were no potential ordinary shares outstanding during the year.

### 14. PROPERTY, PLANT AND EQUIPMENT

#### Year ended 31 December 2025

	Structures RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2025:						
Cost	3,512	3,053	12,277	8,566	6,094	33,502
Accumulated depreciation	(1,229)	(2,576)	(8,063)	(5,416)	(2,883)	(20,167)
Net carrying amount	2,283	477	4,214	3,150	3,211	13,335
At 1 January 2025, net of accumulated depreciation	2,283	477	4,214	3,150	3,211	13,335
Additions	259	72	3,973	1,184	1,006	6,494
Written off	(352)	(20)	(333)	(15)	(531)	(1,251)
Depreciation provided during the year (Note 7)	(80)	(125)	(3,905)	(1,023)	(1,583)	(6,716)
At 31 December 2025, net of accumulated depreciation	2,110	404	3,949	3,296	2,103	11,862
At 31 December 2025:						
Cost	3,405	3,068	12,368	8,999	4,745	32,585
Accumulated depreciation	(1,295)	(2,664)	(8,419)	(5,703)	(2,642)	(20,723)
Net carrying amount	2,110	404	3,949	3,296	2,103	11,862



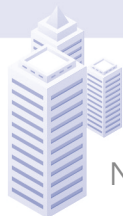
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2024

	Structures RMB'000	Transportation equipment RMB'000	Office equipment RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024:						
Cost	3,236	2,666	9,999	6,698	2,772	25,371
Accumulated depreciation	(990)	(2,184)	(6,683)	(4,001)	(1,408)	(15,266)
Net carrying amount	2,246	482	3,316	2,697	1,364	10,105
At 1 January 2024, net of						
accumulated depreciation	2,246	482	3,316	2,697	1,364	10,105
Additions	276	398	2,767	2,246	2,129	7,816
Acquisition of subsidiaries (Note 33)	9	16	53	92	1,192	1,362
Written off	-	(2)	(61)	(31)	-	(94)
Depreciation provided during the year (Note 7)	(248)	(417)	(1,861)	(1,854)	(1,474)	(5,854)
At 31 December 2024, net of accumulated depreciation	2,283	477	4,214	3,150	3,211	13,335
At 31 December 2024:						
Cost	3,512	3,053	12,277	8,566	6,094	33,502
Accumulated depreciation	(1,229)	(2,576)	(8,063)	(5,416)	(2,883)	(20,167)
Net carrying amount	2,283	477	4,214	3,150	3,211	13,335



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15. GOODWILL

	2025 RMB'000	2024 RMB'000
<b>Cost</b>		
At the beginning and end of the year	3,090	3,090
<b>Accumulated impairment losses</b>		
At the beginning of the year	–	–
Provision for impairment for the year	3,090	–
At the end of the year	3,090	–
<b>Carrying amount</b>		
At the end of the year	–	3,090
At the beginning of the year	3,090	3,090

The amount of goodwill arose from business combination in prior year. In December 2020, the Group acquired 100% equity interest in Chongqing Heavy Truck Group Hongqi Property Co. Ltd. ("Chongqing Hongqi") from Chongqing General Machinery Industry Co., Ltd.. Chongqing Hongqi is engaged in provision of property management and related services to customers.

#### The recoverable amounts of the CGU

The recoverable amount of Chongqing Hongqi as at 31 December 2025 has been determined to be approximately RMB6,059,000 (2024: RMB9,749,000) based on a value in use calculation (2024: value in use calculation). That value in use calculation uses cash flow projections based on the most recent financial budget approved by the management covering a period of 5 years with estimated revenue annual growth rate ranged from -22.6% to -5.0% (2024: 4.4% to 4.4%). Cash flow beyond the projection period are extrapolated using an estimated growth rate of 0.0% (2024: 0.00%). The pre-tax discount rate used to discount the forecasted cash flows was 11.89% (2024: 12.26%).

The key assumptions for the discounted cash flow method are those regarding the pre-tax discount rates, revenue growth rates, budgeted gross margin. The Group estimated pre-tax discount that reflects current market assessments of the time value of money and the risks specific to Chongqing Hongqi. The revenue growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of Chongqing Hongqi operate and expectations on market development. Budgeted gross margin are based on historical average gross margins of Chongqing Hongqi.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15. GOODWILL (CONTINUED)

## The recoverable amounts of the CGU (Continued)

Based on the assessment, the value in use of Chongqing Hongqi is less than the total carrying amount and therefore the management has concluded that the Group recognised a full impairment loss of approximately RMB3,090,000 in respect of Group's goodwill during the year ended 31 December 2025 (2024: Nil).

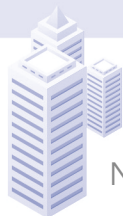
## 16. LEASES

The Group has lease contracts for its offices in the PRC and Hong Kong, which are used in operations. The lease terms vary between 2 and 15 years (2024: 2 and 15 years) and the lease payments are paid monthly or yearly. Apartments and cleaning machines have lease terms of 12 months or less or with low value, which are not recognised as right-of-use assets and lease liabilities. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. No extension or termination options, nor variable lease payments were contained in the above lease contracts.

## (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Offices RMB'000
As at 1 January 2024	11,419
Additions	35,748
Depreciation charge	(8,475)
As at 31 December 2024 and 1 January 2025	<b>38,692</b>
Additions	<b>6,743</b>
Write-off for early termination of leases	<b>(5,274)</b>
Depreciation charge	<b>(15,926)</b>
As at 31 December 2025	<b>24,235</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. LEASES (CONTINUED)

## (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	<b>Offices</b> RMB'000
Carrying amount at 1 January 2024	11,224
Additions	35,750
Accretion of interest during the year	1,041
Payments	(965)
Carrying amount at 31 December 2024	47,050
Analysed into:	
Current portion	14,269
Non-current portion	32,781
	47,050
Carrying amount at 1 January 2025	<b>47,050</b>
Additions	<b>6,743</b>
Write-off for early termination of leases	<b>(4,975)</b>
Accretion of interest during the year	<b>1,664</b>
Payments	<b>(20,360)</b>
Carrying amount at 31 December 2025	<b>30,122</b>
Analysed into:	
Current portion	<b>14,591</b>
Non-current portion	<b>15,531</b>
	<b>30,122</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. LEASES (CONTINUED)

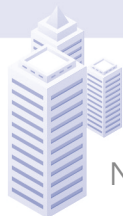
## (b) Lease liabilities (Continued)

The maturity analysis of lease liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	15,398	20,530
Over one year but within two years	13,998	13,516
Over two years but within five years	2,093	13,277
Over five years	–	3,514
Total lease payments	31,489	50,837
Less: Finance charges	(1,367)	(3,787)
	<b>30,122</b>	47,050

## (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	1,664	1,041
Depreciation charge of right-of-use assets (Note 7)	15,926	8,475
Expense relating to short-term leases (Note 7)	394	228
Total amount recognised in profit or loss	<b>17,984</b>	9,744



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS

	Operating right of premises (Note (a)) RMB'000	Computer software RMB'000	Total RMB'000
Cost at 1 January 2025, net of accumulated amortisation	36,075	2,854	38,929
Additions	–	140	140
Write-off	–	(562)	(562)
Amortisation provided during the year (Note 7)	(3,900)	(425)	(4,325)
At 31 December 2025	32,175	2,007	34,182
At 31 December 2025:			
Cost	39,000	3,737	42,737
Accumulated amortisation	(6,825)	(1,730)	(8,555)
Net carrying amount	32,175	2,007	34,182
Cost at 1 January 2024, net of accumulated amortisation	–	3,022	3,022
Additions	–	283	283
Acquisition of subsidiaries (Note 33)	39,000	–	39,000
Amortisation provided during the year (Note 7)	(2,925)	(451)	(3,376)
At 31 December 2024	36,075	2,854	38,929
At 31 December 2024:			
Cost	39,000	4,829	43,829
Accumulated amortisation	(2,925)	(1,975)	(4,900)
Net carrying amount	36,075	2,854	38,929



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS (CONTINUED)

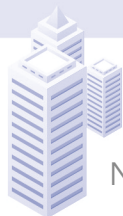
Note:

- (a) The intangible asset represented the operating right of premises arising from acquisition of a subsidiary group from the Ultimate Holding Company in relation to the partial settlement of the arbitral award on 1 April 2024. The premises operating right refers to the right to provide operational services (mainly including development and operation planning and management, solicitation agency, leasing, advertisement and promotion, property services and parking space management) to the subsidiaries of the Ultimate Holding Company by the Group, in respect of certain commercial properties assets owned by the subsidiaries of the Ultimate Holding Company for 10 years. The premises operating right has finite useful life and is amortised on a straight-line basis over 10 years. Details of the acquisition for the partial settlement of the arbitral award are set out in Note 33.

The recoverable amount of the intangible asset in respect of the premises operating right as at 31 December 2025 has been determined to be approximately RMB36,200,000 (2024: N/A) based on a calculation (2024: N/A). That value in use calculation uses cash flow projections based on the most recent financial budget approved by the management covering a period of 7 years with estimated revenue annual growth rate ranged from 0.0% to 2.8% (2024: N/A). Cash flow beyond the projection period are extrapolated using an estimated growth rate of 0.0% (2024: N/A). The pre-tax discount rate used to discount the forecasted cash flows was 13.12% (2024: N/A). The key assumptions for the discounted cash flow method are those regarding the pre-tax discount rates, revenue growth rates, budgeted gross margin. The Group estimated pre-tax discount that reflect current market assessments of the time value of money and the risks specific to the premises operating right. The revenue growth rates are based on long-term average economic growth rate of the geographical area in which the business in related to the premises operating right operates and expectations on market development. Budgeted gross margin are based on historical average gross margins of the business in related to the premises operating right operates.

Based on the assessment, the recoverable amount of the intangible asset in respect of the premises operating right is higher than the total carrying amount, and therefore the management has concluded that no impairment loss was recognised in respect of the premises operating right for the year ended 31 December 2025 (2024: Nil).

As at 31 December 2024, the directors of the Company considered that performing a formal estimate of the recoverable amount of the intangible assets for the premises operating right and quantitative impairment test is not necessary, as there was no indication of an impairment loss in light of the profit-making situation of the subsidiary group which derived revenue from the premises operating right for the year. The Group assessed that the overall benefits of disclosing quantitative impairment test results may not outweigh the costs of providing the associated information.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. INVESTMENTS IN ASSOCIATES

The Group's interests in associates are accounted for using equity method, and the carrying amounts are recognised as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	655	476
Addition	–	102
Share of profit	438	77
At 31 December	1,093	655

Particulars of the Group's main associates are as follows:

Name	Paid-up capital	Place of registration and operation	Principal activity	Percentage of ownership interest attributable to the Group
Henan Yicheng Xinyuan Property Services Co. Ltd. 河南頤城鑫苑物業服務 有限公司 (Note a)	RMB5,000,000	PRC	Property management and related services	49% (2024: 49%)
Jinan Tianzi Xinyuan Property Services Co., Ltd. 濟南天資鑫苑物業服務 有限公司 (Note b)	RMB1,000,000	PRC	Property management and related services	49% (2024: 49%)

Notes:

- (a) On 17 April 2020, the Group acquired a 49% equity interest of Henan Yicheng Xinyuan Property Services Co. Ltd ("Yicheng") at a consideration of approximately RMB2,450,000. The Group has two seats in the board of directors of Yicheng, as well as the 49% equity voting rights, therefore the Group has the ability to exercise significant influence over Yicheng. Thus, Yicheng was accounted for as an associate using the equity method.
- (b) On 28 June 2024, the Group acquired a 49% equity interest of Jinan Tianzi Xinyuan Property Services Co., Ltd. ("Jinan") at a consideration of approximately RMB101,500. The Group has one seat in the board of directors of Jinan, as well as the 49% equity voting rights in Jinan, therefore the Group has the ability to exercise significant influence over Jinan. Thus, Jinan was accounted for as an associate using the equity method.



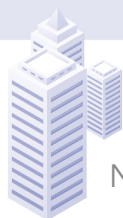
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the financial information of the Group's associates that are not individually material:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Share of the associates' profit for the year	<b>438</b>	77
Share of the associates' total comprehensive income	<b>438</b>	77
Carrying amount of the Group's investments in the associates	<b>1,093</b>	655



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. INVESTMENT PROPERTIES

	Leased car parking spaces – right-of-use assets (Note (a)) RMB'000	Leased clubhouses – right-of-use assets (Note (b)) RMB'000	Total RMB'000
<b>As at 31 December 2025</b>			
Opening net book amount	9,827	39,747	49,574
Depreciation charge	(491)	(1,371)	(1,862)
Impairment loss for the year	–	(4,477)	(4,477)
<b>Closing net book amount</b>	<b>9,336</b>	<b>33,899</b>	<b>43,235</b>
<b>As at 31 December 2025</b>			
Cost	9,827	43,881	53,708
Accumulated depreciation	(491)	(2,834)	(3,325)
Accumulated impairment	–	(7,148)	(7,148)
<b>Net book amount</b>	<b>9,336</b>	<b>33,899</b>	<b>43,235</b>
<b>As at 31 December 2024</b>			
Opening net book amount	–	–	–
Additions	–	43,881	43,881
Acquisition of subsidiaries (Note 33)	9,827	–	9,827
Depreciation charge	–	(1,463)	(1,463)
Impairment loss for the year	–	(2,671)	(2,671)
<b>Closing net book amount</b>	<b>9,827</b>	<b>39,747</b>	<b>49,574</b>
<b>As at 31 December 2024</b>			
Cost	9,827	43,881	53,708
Accumulated depreciation	–	(1,463)	(1,463)
Accumulated impairment	–	(2,671)	(2,671)
<b>Net book amount</b>	<b>9,827</b>	<b>39,747</b>	<b>49,574</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 19. INVESTMENT PROPERTIES (CONTINUED)

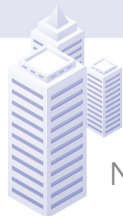
- (a) As at 31 December 2025, the Group had 547 (2024: 547) leased car parking spaces with lease term of 20 years which were acquired through acquisition of the 100% equity interest in Beijing Xinyuan Hongsheng Commercial Management Co., Ltd. ("**Beijing Xinyuan Hongsheng**") and its subsidiaries from the Ultimate Holding Company in relation to the partial settlement of the arbitral award on 1 April 2024. Details of the acquisition for the partial settlement of the arbitral award are set out in Note 33.
- (b) At 31 December 2025, the Group had six (2024: six) leased clubhouses with lease term of 30 years which were acquired in relation to the satisfaction of the outstanding amount under a final and legally binding arbitral award issued by the Hong Kong International Arbitration Centre on 13 October 2023. On 3 January 2024, Xinyuan Science and Technology Service Group Co., Ltd ("**Xinyuan Science**"), an indirect wholly-owned subsidiary of the Company, as transferee and Henan Xinyuan Real Estate Co., Ltd. ("**Henan Xinyuan**"), an indirect wholly-owned subsidiary of the Ultimate Holding Company) as transferor entered into an agreement, pursuant to which Henan Xinyuan agreed to transfer the operating right (representing the exclusive rights to operate and receive rental income derived from the six clubhouses of six residential projects in Zhengzhou City, Henan Province, the PRC, developed and owned by Henan Xinyuan) to Xinyuan Science for a term of 30 years.
- (c) **Fair value hierarchy**  
As at 31 December 2025, the fair values of the investment properties for the right-of-use assets of the leased car parking spaces and leased clubhouses amounted to approximately RMB10,844,000 and RMB33,899,000 (2024: RMB10,210,000 and RMB39,747,000) respectively.

An independent valuation of the Group's investment properties was performed by the independent and professional qualified valuer, to determine the fair value of the investment properties as at 31 December 2024 and 2025.

As at 31 December 2024 and 2025, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group is included in level 3 of the fair value measurement hierarchy. The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the year.

(d) **Valuation processes of the Group**

The Group's investment properties were valued at 31 December 2024 and 2025, by an independent professional qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued. For all investment properties, their current use equates to the highest and best use.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. INVESTMENT PROPERTIES (CONTINUED)

## (e) Valuation techniques

Investment properties comprise of right-of-use assets of the leased car parking spaces and leased clubhouses held under leases. As at 31 December 2025, the fair value of leased car parking spaces and leased clubhouses were determined based on the income approach. For income approach, the significant unobservable inputs are market rentals of all leasable units of the properties which are assessed by reference to the rentals achieved in the leasable units of the properties as well as other leasing of similar properties in the neighbourhood which ranged from RMB150 to RMB250 (2024: from RMB140 to RMB240) per month for leased car parking spaces and ranged from RMB10,000 to RMB55,000 (2024: RMB20,000 to RMB70,000) per month for leased clubhouses. The discount rate, which was 6.0% (2024: 6.0%) for leased car parking spaces and 5.3% (2024: 5.1%) for leased clubhouses, was determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's sub-leased right-of-use assets under the investment properties.

## 20. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	2025 RMB'000	2024 RMB'000
Unlisted equity investment		
At 1 January	4,000	–
Addition	–	4,000
At 31 December	4,000	4,000

At 31 December 2025, the amount represents an unlisted investment in 2.2% (2024: 2.2%) equity shares of Shenzhen Province Kehutong Technology Company Limited\* (深圳市客戶通科技有限公司) acquired in February 2024, a private company incorporated in the PRC which is engaged in provision of digital communication, internet and cloud services.

\* The English name of the unlisted equity investment established in the PRC is translated for identification only.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

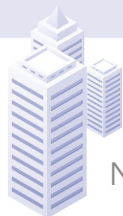
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**20. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI") (CONTINUED)**

The directors of the Company have elected to designate the above investment as financial asset at FVTOCI as they believed that the Group's strategy of holding these investments is for long-term purpose and realising their performance potential in the long run.

The measurement of the fair value of the financial asset at FVTOCI as at 31 December 2025 involved estimation using a market-based valuation approach based on assumptions that are not supported by observable inputs such as market prices or rates. Details of the fair value measurement of this financial asset are disclosed in Note 36.

The measurement of the fair value of the financial asset at FVTOCI as at 31 December 2024 may involve estimation using a market-based valuation approach based on assumptions that are not supported by observable inputs such as market prices or rates. In the opinion of the directors of the Company, after assessing the financial performance of the unlisted equity investment and its carrying amount, the directors of the Company determined that it is immaterial to the Group as a whole as at 31 December 2024. The disclosure and determination of the fair value of unlisted equity investment at the end of the reporting period is not performed, otherwise this would result in particulars of excessive time and resources utilised, whereas provide minimal useful information and benefit to the users of the consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Parking spaces	40,356	49,402
Consumables	32	35
Less: write down of inventories	(20,170)	(5,727)
	<b>20,218</b>	43,710

*Note:*

Inventories mainly consisted of the 406 (2024: 497) car parking spaces transferred from the Ultimate Holding Company to the Group under an offsetting debt agreement dated 31 October 2023, of which 91 (2024: 49) car parking spaces were sold during the year ended 31 December 2025. In accordance with the local policies in Qingdao, after considering the advice of the lawyer of the Company, these car parking spaces are right to use of the parking spaces. These right to use is transferable under the relevant law.

As at 31 December 2025, the Group assessed the net realisable value of these parking spaces and an impairment of RMB15,399,000 (2024: RMB5,055,000) was recognised in other expense for writing down the carrying amounts of inventories to their net realisable values.

Net realisable value of parking spaces represented the estimated selling prices less any estimated costs of completion and costs to be incurred in selling the parking spaces. Their estimated selling prices were determined by independent professional valuers who have appropriate qualification and recent experience in the valuation of similar parking spaces in the relevant and neighbourhood locations. The valuers adopted the market approach by making reference to comparable selling prices as available in the relevant market and a total fair value of RMB20,186,000 (2024: RMB43,675,000) was estimated for the 406 (2024: 497) parking spaces. Estimated selling prices were estimated based on the valuers' view of recent selling transactions within the subject parking spaces and other comparable parking spaces.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 22. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables (Note (a))		
– Related parties	241,232	235,973
– Third parties	364,113	267,790
	<b>605,345</b>	503,763
Less: allowance for impairment of trade receivables	<b>(275,141)</b>	(180,497)
	<b>330,204</b>	323,266
Bills receivable	1,239	1,560
	<b>331,443</b>	324,826

## Notes:

- (a) For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted (2024: Nil).

Receivables from value-added services and pre-delivery services are due for payments in accordance with the terms of the relevant services agreements with property developers, which is normally within 30 to 90 days (2024: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 22. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade and bills receivables as at the end of the year, based on the date of recognition of revenue and net of impairment, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	162,665	151,493
1 to 2 years	67,507	90,305
2 to 3 years	54,054	51,196
3 to 4 years	31,923	31,832
4 to 5 years	15,294	–
Over 5 years	–	–
Total	331,443	324,826

The movements in provision for impairment of trade and bills receivables are as follows:

	2025		2024	
	Third parties RMB'000	Related parties RMB'000	Third parties RMB'000	Related parties RMB'000
At the beginning of year	82,176	98,321	67,335	132,877
Charge/(credit) for the year (Note 7)	58,693	35,951	14,841	(34,556)
At the end of the year	140,869	134,272	82,176	98,321



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Property engineering services		
– Related parties	69,556	73,583
– Third parties	37,925	28,911
	<b>107,481</b>	102,494
Less: allowance for impairment of contract assets	<b>(34,372)</b>	(44,143)
	<b>73,109</b>	58,351

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date arising from property engineering services. Contract assets are transferred to receivables when the rights become unconditional.

Movement during the year is as disclosed below:

	2025 RMB'000	2024 RMB'000
At 1 January	58,351	46,525
Increase in contract assets as a result of recognising revenue during the year	53,751	73,571
Decrease in contract assets as a result of right to consideration become unconditional during the year	<b>(38,993)</b>	(61,745)
At 31 December	<b>73,109</b>	58,351



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. CONTRACT ASSETS (CONTINUED)

The movements in provision for impairment of contract assets are as follows:

	2025		2024	
	Third parties RMB'000	Related parties RMB'000	Third parties RMB'000	Related parties RMB'000
At the beginning of year	15,759	28,384	8,409	32,388
Charge/(credit) for the year (Note 7)	2,942	(12,713)	7,350	(4,004)
At the end of the year	18,701	15,671	15,759	28,384

## 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO A RELATED PARTY/PREPAYMENTS TO A RELATED PARTY

	2025 RMB'000	2024 RMB'000
<b>Non-current</b>		
Prepayments to a related party (Notes (a) and 34(e))	89,073	89,073
Less: allowance for impairment of prepayments	–	(41,737)
	89,073	47,336
<b>Current</b>		
Payments to a related party (Notes (b) and 34(e))	197,489	200,600
Less: allowance for impairment of payments	(39,682)	(101,303)
	157,807	99,297

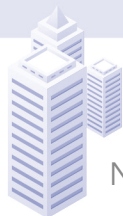


## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO A RELATED PARTY/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

	2025 RMB'000	2024 RMB'000
Deposits, prepayments and other receivables		
Prepayments		
– Related parties (Notes (c) and 34(e))	12,103	12,617
– Third parties (Note (d))	19,493	13,726
	<b>31,596</b>	26,343
Deposits (Note (e))	25,274	30,441
Less: allowance for impairment of deposits (Note 37(a)(ii))	(2,912)	(12,404)
	<b>22,362</b>	18,037
Other receivables		
– Related parties (Notes (c) and 34(e))	61,732	66,137
– Related parties – receivable related to Pledges (Notes (f) and 34(e))	302,714	302,714
– Third parties (Note (c))	4,579	7,320
	<b>369,025</b>	376,171
Less: allowance for impairment of:		
– other receivables from related parties	(18,634)	(13,287)
– receivables related to Pledges	(160,438)	(153,884)
– other receivables from third parties	(532)	(3,750)
	<b>(179,604)</b>	(170,921)
	<b>189,421</b>	205,250
	<b>243,379</b>	249,630



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

### Notes:

- (a) Balance represented the payment of entire consideration in advance in accordance with the sale and purchase contract entered into with the Ultimate Holding Company in 2018, for the purchase of 342 property units of Xinyuan Mingcheng, the property development project located in Henan Province.

Although the construction of the properties had completed but the relevant ownership certificate of handover has not been provided to the Group subsequent to that year end so that the balance continued to be classified as prepayment as at 31 December 2024 and 2025.

Pursuant to the offsetting debt agreement dated on 25 November 2025 (see Note 38), Xinyuan Science and Technology Service Group Co., Ltd. ("**Xinyuan Science**"), a wholly-owned subsidiary of the Company, and the subsidiaries of the Ultimate Holding Company entered into the Offsetting Debt Agreement 1, pursuant to which the subsidiaries of the Ultimate Holding Company agreed to transfer certain target properties (consisted of total 2,961 units of car parking spaces and store rooms) to Xinyuan Science at an aggregate consideration of RMB89,073,130 to be satisfied by, among others, offsetting the prepayment for the purchase of 342 property units of Xinyuan Mingcheng property development project. The above-mentioned offsetting debt agreement was approved by the shareholders at the extraordinary general meeting held on 12 February 2026. The parties shall complete all procedures to register and transfer the ownership of all such properties to Xinyuan Science.

The directors of the Company considered that there was no impairment provision provided as at 31 December 2025 as the recoverable amount of the prepayment (i.e. fair value less costs of disposal of the above-mentioned target properties) was assessed to be higher its carrying amount (2024: an impairment provision of RMB41,737,000).

- (b) Gross carrying amount of approximately RMB186,262,000 (2024: RMB189,373,000) represented payments made to certain subsidiaries of the Ultimate Holding Company for exclusive sales right of car parking spaces. In September 2020, the Group and Ultimate Holding Company entered into the Car Parking Space Exclusive Sales Cooperation Agreement (the "**Agreement**"), pursuant to which, Ultimate Holding Company agreed to designate the Group as the exclusive sales partner of a total 4,066 car parking spaces and the Group agreed to pay the refundable payments in cash of approximately RMB206,783,000, being the aggregate reserve price of the spaces as the deposits for being such exclusive sales partner. The Agreement became effective upon the fulfillment of conditions and the approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2020.

The payments would be refunded to the Group by instalments in accordance with the agreed sales milestones of car parking spaces.

Instalments	Sales milestone	Amounts to be refunded
First instalment	40% of total car parking spaces	40% of payments for exclusive sales right
Second instalment	70% of total car parking spaces	30% of payments for exclusive sales right
Third instalment	90% of total car parking spaces	30% of payments for exclusive sales right

On 23 December 2021, the Group and the Ultimate Holding Company entered into the supplemental agreement (the "**Supplemental Agreement**"), pursuant to which, both parties agreed to postpone the cooperation period to 31 December 2023. Such Supplemental Agreement became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

(b) (Continued)

On 16 May 2022, the Group and the Ultimate Holding Company entered into the second supplemental agreement (the “**Supplemental Agreement II**”), pursuant to which, both parties agreed that, all the amount generated from the sales of designated car parking spaces will be received by the Group on behalf of subsidiaries of the Ultimate Holding Company and such amount will be directly applied as refund of the payments made until the payments are fully refunded. The Ultimate Holding Company will refund the above specified amount (after netting off the payment received on behalf by the Group so far) when the Group achieved the milestone and settle the remaining outstanding payments at the expiration of the Agreement. Such Supplemental Agreement II became effective upon approval by shareholders other than the controlling shareholder at an extraordinary general meeting in 2022.

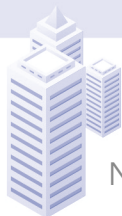
During the year ended 31 December 2023, the Group has conducted certain sales activities under the aforementioned agreements. However, up to 31 December 2023, the Group did not achieve the first sales milestones, and the sales of designated car parking spaces amounted to approximately RMB6,582,000 during the year and an amount of RMB4,789,000 has been offset against the payments pursuant to the Supplemental Agreement II. During the year ended 31 December 2023, the Group generated the corresponding Pre-delivery and consulting service fee income of approximately RMB1,793,000, which were included in Pre-delivery and consulting service fee income. Pursuant to the Agreement, if the Ultimate Holding Company fails to duly refund the payments, interest shall be payable to the Group at the 1-year loan prime rate announced by the People’s Bank of China for the same period (from the date on which the Group actually pays the relevant payments up to the date on which the deposit is actually refunded by the Ultimate Holding Company).

On 22 March 2024, the Company and the Ultimate Holding Company entered into an agreement (the “**Offset Agreement**”) pursuant to which the parties agreed that all the cash sales proceeds of 2,181 car parking spaces (the “**Car Parking Spaces**”) owned by the Ultimate Holding Company and currently managed by the Group or held by the Group for sale on behalf of the Ultimate Holding Company, if sold, will be retained by the Group and applied to settle an equivalent amount of the outstanding refundable payment. For the avoidance of doubt, the Group will not acquire ownership of the Car Parking Spaces under the Offset Agreement. If the sales proceeds are insufficient to settle the entire amount of the outstanding refundable payment, the shortfall will be payable by the Ultimate Holding Company to the Company in cash within ten working days after completion of sales of all Car Parking Spaces.

The directors of the Company assess the expected credit loss of the refundable payments and approximately RMB37,426,000 was provided as at 31 December 2025 (2024: RMB95,636,000).

As at 31 December 2025, gross carrying amount also includes another arrangement with a subsidiary of the Ultimate Holding Company of RMB11,227,000 (2024: RMB11,227,000). On 22 July 2022, Zhengzhou Shengdao Real Estate Co., Ltd. (“**Zhengzhou Shengdao**”), an indirect wholly-owned subsidiary of the Ultimate Holding Company) entered into a previous agreement (“**Previous Agreement**”), pursuant to which an independent third party, which is engaging in providing property management, parking space management, and agency services etc., agreed to assist Zhengzhou Shengdao to sell a total of 862 car parking spaces for a period commencing from 22 July 2022 until the sales of all car parking spaces are completed.

On 22 September 2023, Zhengzhou Shengdao, the independent third party and the Group entered into a tripartite agreement, pursuant to which (i) Zhengzhou Shengdao and the independent third party agreed to terminate the Previous Agreement; (ii) Zhengzhou Shengdao agreed to pay the termination fee to the independent third party; and (iii) the Group agreed to cooperate with Zhengzhou Shengdao to sell the remaining 798 unsold car parking spaces (“**Designated Car Park Spaces**”) and pay the termination fee of RMB9,417,000 to the independent third party on behalf of Zhengzhou Shengdao.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

(b) (Continued)

On 22 September 2023, the Group and Zhengzhou Shengdao entered into the an agreement, pursuant to which Zhengzhou Shengdao agreed to designate the Group as the exclusive sales partner of a total of 798 Designated Car Parking Spaces for a co-operation period commencing from 22 September 2023 up to 21 September 2028 (“**Car Parking Space Exclusive Sales Cooperation Agreement**”). Under the agreement, the Group will be responsible for carrying out the work, including the initial sales planning and promotion of the Designated Car Parking Spaces and the provision of required services to the buyers in the course of the sale and purchase of the Designated Car Parking Spaces, including but not limited to assisting the buyers in executing the relevant agreements and delivering the Designated Car Parking Spaces. Pursuant to the agreement, the Group shall pay Zhengzhou Shengdao a refundable earnest money of RMB11,227,000, which is the minimum total sum of the Designated Car Park Spaces, in instalments as the deposit. First and second installments of the earnest money are RMB9,417,000 and RMB1,810,000, respectively, being the termination fee under the tripartite agreement to the independent third party and the remaining amount of the earnest money to Zhengzhou Shengdao. The termination fee RMB9,417,000 consists of the unsold 718 car parking spaces about RMB8,022,000 and 80 car parking spaces originally agreed owned by itself about RMB894,174 and the termination compensation of RMB1,000,000 deducted by the deposits of RMB500,000 not being paid by the independent third party.

Pursuant to which, both parties agreed that, all the amount generated from the sales of Designated Car Parking Spaces will be received by the Group on behalf of Zhengzhou Shengdao and such amount will be directly applied as refund of the payments made until the payments are fully refunded.

As at 31 December 2025, no car parking spaces (2024: nil) were sold out successfully. The directors of the Company assess the expected credit loss of the payments and approximately RMB2,256,000 was provided as at 31 December 2025 (2024: RMB5,667,000).

(c) Other receivables from related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

All the current portion of deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

The directors of the Company assess a provision for expected credit loss of the other receivables from related party and approximately RMB5,347,000 (Note 7) was made for the year ended 31 December 2025 (2024: RMB8,406,000).

The directors of the Company assess (a reversal)/provision for expected credit loss of the other receivables from third party and a reversal of approximately RMB3,218,000 (Note 7) was provided for the year ended 31 December 2025 (2024: provision of RMB1,577,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES/PAYMENTS TO RELATED PARTIES/PREPAYMENTS TO A RELATED PARTY (CONTINUED)

Notes: (Continued)

- (d) Balance mainly represented the prepaid utility expenses and prepaid construction service fee to certain subcontractors of approximately RMB15,021,000 and RMB4,472,000 (2024: RMB9,213,000 and RMB4,513,000) respectively.
- (e) Balance mainly represented deposits paid for utilities, construction projects and bidding of property management service projects of approximately RMB17,712,000, RMB4,896,000 and RMB2,666,000 (2024: RMB20,093,000, RMB2,725,000 and RMB7,623,000) respectively.

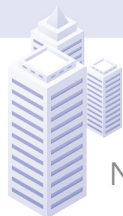
The directors of the Company assess the impairment of the deposits paid and a reversal for expected credit loss of approximately RMB9,492,000 was provided for the year ended 31 December 2025 (2024: provision of RMB12,404,000).

- (f) Balance mainly represented the previously unauthorised pledged bank deposits for the bank borrowings (“Pledges”) obtained by the entities in respect of the previously unauthorised financial guarantee contracts provided to a subsidiary of the Ultimate Holding Company and certain companies which are not part of the Group (the “Borrowers”), and deducted by the bankers in relation to the failure of repayment by the Borrowers to the bankers. Details of the Pledges were stated in the Company’s announcement dated 15 November 2022. During the year ended 31 December 2025, the Ultimate Holding Company has confirmed that these balances were due from them and they will be responsible for settling the balances by the transfer of their certain non-cash assets in full satisfaction of the amount due from them.

The directors of the Company assessed the expected credit loss of the receivables related to Pledges and reversed the provision of approximately RMB47,471,000 which was used to offsetting the loss of approximately RMB53,960,000 on partial settlement of other receivables related to Pledges (Note 33) during the year ended 31 December 2024. The directors of the Company assess a provision for expected credit loss of the receivables related to Pledges of approximately RMB6,554,000 (Note 7) was provided for the year ended 31 December 2025.

The movements in provision for impairment of (i) other receivables (including other receivables on related party, receivables related to Pledges and other receivables on third party); and (ii) Payments are as follows:

	2025		2024	
	Third parties RMB'000	Related parties RMB'000	Third parties RMB'000	Related parties RMB'000
At the beginning of the year	3,750	268,474	2,173	310,558
Charge/(credit) for the year (Note 7)	(3,218)	(49,720)	1,577	(42,084)
At the end of the year	532	218,754	3,750	268,474



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	<b>238,448</b>	264,018

As at 31 December 2024 and 2025, no pledged deposit was enforced by the banks and no other time deposit was placed.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2025, time deposits and cash and cash equivalents of the Group which is denominated in Renminbi amounted to approximately RMB226,899,000 (2024: RMB225,689,653). The Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in Hong Kong dollars and United States dollars amounted to approximately RMB11,546,000 (2024: RMB38,291,830) and RMB3,000 (2024: RMB36,154) respectively.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26. TRADE PAYABLES

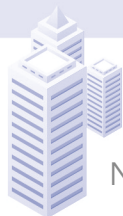
	2025 RMB'000	2024 RMB'000
Trade payables		
– Related parties	11,225	30,066
– Third parties	150,641	114,897
	<b>161,866</b>	144,963

As at 31 December 2025 and 2024, the carrying amounts of trade payables approximated to their fair values.

The trade payables have a normal credit terms of 30 to 90 (2024: 30 to 90) days.

The ageing analysis of trade payables based on the invoice date was as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	98,215	73,593
1 to 2 years	19,926	58,553
2 to 3 years	35,705	4,269
Over 3 years	8,020	8,548
	<b>161,866</b>	144,963



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. OTHER PAYABLES AND ACCRUALS

	2025	2024
	RMB'000	RMB'000
Other payables		
– Related parties (Note 34(e))	27,763	42,294
– Deposits and temporary receipts from property owners	117,838	131,984
– Others	31,732	27,746
	177,333	202,024
Dividend payable	40	40
Payroll payables	43,701	48,146
Other taxes payable	19,407	13,969
	240,481	264,179

Deposits mainly represented miscellaneous deposits including the management deposit and property improvement deposits received from property owners for the respective service period. Temporary receipts represented the utility charges received from property owners on behalf of utility companies.

Other payables to related parties were unsecured, interest-free and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

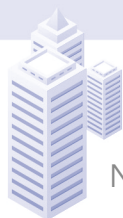
For the year ended 31 December 2025

## 28. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities		
– Property management services	117,223	134,665
– Value-added services	7,685	9,705
– Pre-delivery and consulting services	119	119
	<b>125,027</b>	144,489
<b>Attributable to:</b>		
– Related parties (Note 34(e))	1,279	54
– Third parties	123,748	144,435
	<b>125,027</b>	144,489

Contract liabilities mainly arise from the advance payments received from customers while the underlying services are yet to be provided. The balance mainly represented the short-term advances received from customers in relation to the provision of property management services at the end of the year. Movement of contract liabilities is as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	144,489	106,502
Decrease in contract liabilities that were included in the balance at the beginning of the year as a result of recognising revenue	(144,489)	(106,502)
Increase in contract liabilities as a result of receiving sales deposits and instalments during the year	395,396	395,670
Decrease in contract liabilities as a result of recognising revenue during the year	(270,369)	(251,181)
At 31 December	<b>125,027</b>	144,489



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred tax assets:

	<b>Allowance for impairment of financial assets and contract assets</b>
	RMB'000
At 1 January 2024	27,090
Recognised in profit or loss (Note 11)	18,183
At 31 December 2024 and 1 January 2025	<b>45,273</b>
Recognised in profit or loss (Note 11)	<b>6,505</b>
At 31 December 2025	<b>51,778</b>

The Group has not recognised deferred tax assets of approximately RMB77,374,000 (2024: RMB55,915,000) in respect of cumulative tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire within 5 years when such losses were incurred under current tax legislation.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

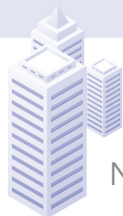
Deferred tax liabilities:

	PRC withholding taxes RMB'000	Differences on recognition of depreciation RMB'000	Fair value adjustment on acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2024	4,813	531	–	5,344
Acquisition of subsidiaries (Note 33)	–	–	1,950	1,950
Recognised in profit or loss (Note 11)	(171)	(72)	(146)	(389)
At 31 December 2024 and 1 January 2025	<b>4,642</b>	<b>459</b>	<b>1,804</b>	<b>6,905</b>
Recognised in profit or loss (Note 11)	<b>(1,313)</b>	<b>(189)</b>	<b>(195)</b>	<b>(1,697)</b>
At 31 December 2025	<b>3,329</b>	<b>270</b>	<b>1,609</b>	<b>5,208</b>

Deferred tax liabilities of approximately RMB49,973,000 as at 31 December 2025 (2024: RM49,341,000) have not been provided in respect of withholding tax that would be payable on the distribution of retained earnings of certain Mainland China subsidiaries, which was determined based on the extent of retained earnings of these subsidiaries which are unlikely to be distributed of approximately RMB999,467,000 as at 31 December 2025 (2024: RMB986,826,000). The directors of the Company consider the Company controls the dividend policy of the Mainland China subsidiaries and the directors of the Company determined that such retained earnings are to be distributed in the foreseeable future.

## 30. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Authorised:		
38,000,000,000 shares of a par value of HK\$0.00001 each	<b>380</b>	380



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 30. SHARE CAPITAL (CONTINUED)

	Number of shares in issue	Fully paid share capital RMB'000
Issued and fully paid:		
At 1 January 2024	567,500,000	5
Issued on 13 August 2024 (Note)	25,537,500	–
At 31 December 2024, 1 January 2025 and 31 December 2025	593,037,500	5

Note: On 13 August 2024, the Company allotted and issued 25,537,500 ordinary shares as awarded shares to the two executive directors of the Company. Further details are set out in Note 32.

## 31. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statements of changes in equity.

**Share premium**

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

**Other reserve**

Other reserve account of the Group comprises the merger reserve and capital reserve of approximately RMB72,732,000 and RMB230,057,000 (debit) (2024: RMB72,732,000, and RMB230,057,000 (debit)) respectively.

- Merger reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation.
- Capital reserve represents the difference between the fair value of the consideration paid and the carrying value of the subsidiaries acquired pursuant to the group reorganisation.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 31. RESERVES (CONTINUED)

#### PRC reserve fund

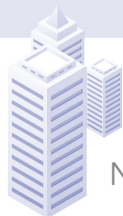
Pursuant to the relevant rules and regulations in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries appropriate 10% of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

### 32. SHARE AWARD SCHEME

The Company operates a restricted share award scheme (the “**2019 Share Award Scheme**”) for the main purpose of reflecting the substance of the share incentive scheme adopted by Xinyuan Science encouraging and retains the grantees (the “**Grantees**”) to work with the Group. The Grantees of the 2019 Share Award Scheme include the Company’s directors, senior executives and employees. The 2019 Share Award Scheme was adopted by the board on 31 January 2019 (the “**Adoption Date**”) and shall remain valid and effective for a period of three years from the Adoption Date.

Pursuant to the 2019 Share Award Scheme, a total of ten directors and employees of the Group (each, the “**Grantee**”) were awarded a total of 56,250 restricted shares, representing 15% of the share capital of the Company at the date of grant, which were subsequently subdivided into 56,250,000 shares representing 11.25% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering which may be allotted and issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

All the said restricted shares were granted to the Grantees at the aggregate consideration of RMB8,400,000 on 21 March 2019. Such consideration was fully settled in cash upon the allotment and issue of restricted shares.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. SHARE AWARD SCHEME (CONTINUED)

Details of shares awarded under the 2019 Share Award Scheme are as follows:

	Shares awarded on 21 March 2019
Number of restricted shares awarded:	
– Directors	16,875,000
– Senior executives	13,125,000
– Employees	7,500,000
– Ultimate Holding Company ( <i>Note</i> )	18,750,000
	56,250,000

*Note:* On 30 June 2019, Mr. Zhang Lizhou (one of the Grantees) resigned as an executive director. Pursuant to the 2019 Share Award Scheme, upon the resignation of Mr. Zhang Lizhou, his 5% share (i.e. 18,750,000 shares) was transferred to Ultimate Holding Company in consideration of the refund of RMB2,800,000 paid by Mr. Zhang Lizhou by entering into the arrangement agreement, these shares were vested immediately. Therefore, an award of 10% of the share capital of the Company was granted to the remaining directors, senior executives and employees at the aggregate consideration of RMB5,600,000.

Pursuant to the 2019 Share Award Scheme, the remaining restricted shares would be vested in three tranches of 2%, 18% and 80% of the restricted shares, on 1 January 2020, 1 January 2021 and 1 January 2022, respectively, in accordance with certain vesting conditions.

Each Grantee shall be subject to a service condition that he/she shall continuously serve or work for the Group for the period from the date of grant to 31 December 2021 (both dates inclusive). If the Grantee ceases to be a director or employee or other eligible person of the Group due to resignation or employment being terminated by the Group due to misconduct (“**Disqualification**”), the Grantee shall upon request of the Company (i) transfer or procure his/her nominee to transfer the legal and equitable ownership in all restricted shares which have been allotted and issued to him/her, free from all encumbrances, to the Company or its nominee; (ii) refund in full all the dividends received by him/her in respect of the forfeited shares as at the date of Disqualification; and the Company shall refund the (a) consideration paid by the Grantee per restricted share or (b) the closing market price per share on the date of Disqualification, whichever is the lower.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

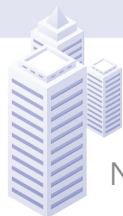
## 32. SHARE AWARD SCHEME (CONTINUED)

The Company operates a new share award scheme during 2024 (the “**2024 Share Award Scheme**”) which is related to the conditional grants of award shares to two executive directors (“**grantees**”) on 8 July 2024. This was a one-off grant and expired upon the vesting of the awarded shares. The purpose of the 2024 Share Award Scheme is to recognize the grantees’ contribution to the business performance and development of the Group and to provide sufficient incentive to retain and motivate the grantees to continue to strive for greater contributions to the Group in the future.

As the conditional grants to each of the two executive directors would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to them in the 12-month period up to and including the date of the conditional grants representing in aggregate over 1% of the shares in issue, the conditional grants were approved by the qualified shareholders at the EGM.

Pursuant to the 2024 Share Award Scheme, the conditional grant of awards of 25,537,500 awarded shares represented 17,025,000 new shares to Mr. Shen and 8,512,500 new shares to Mr. Wang, both being executive directors of the Company. The 25,537,500 awarded shares were allotted and issued under the Conditional Grants represents (i) 4.5% of the issued shares on 8 July 2024; and (ii) approximately 4.31% of the issued shares as enlarged by the allotment and issue of the awarded shares, assuming there will be no other change in the issued share capital of the Company between the grant date and date of the allotment and issue of the awarded shares.

The aggregate nominal value of the 25,537,500 awarded shares is HK\$255.38. All awarded shares were credited as fully paid upon issue. All the awarded shares were vested immediately upon issue. The vesting of the awarded shares is not subject to any performance targets or clawback mechanism. Each of the grantees of the awarded shares shall not dispose of or transfer any of the awarded shares owned by them on or before 31 December 2025, provided that such restriction shall cease to apply if such grantees cease to be directors of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 32. SHARE AWARD SCHEME (CONTINUED)

During the year ended 31 December 2025, no restricted shares were granted and awarded.

During the year ended 31 December 2024, the fair value of grantees' services received in return for restricted shares awarded of approximately RMB7,848,000 was measured by reference to closing market price at HK\$0.335 of the Company's listed shares on 8 July 2024 which was the grant date of shares award.

The movement of awards vested and forfeited of the Company's shares during the year ended 31 December 2025 are as follows:

Category of Grantees	Date of grant	Balance as at 1 January 2025	Aggregated awards vested during the year	Aggregated awards forfeited during the year	Balance as at 31 December 2025
Directors	8 July 2024	25,537,500	–	–	25,537,500

Awards vested and forfeited of the Company's shares under the 2024 Share Award Scheme during the year ended 31 December 2024 are as follows:

Category of Grantees	Date of grant	Balance as at 1 January 2024	Aggregated awards vested during the year	Aggregated awards forfeited during the year	Balance as at 31 December 2024
Directors	8 July 2024	–	25,537,500	–	25,537,500

## 33. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024

On 13 October 2023, the Hong Kong International Arbitration Centre issued a final and legally binding arbitral award whereby the Ultimate Holding Company was liable to compensate the Group for the loss suffered, and costs and expenses incurred and the Ultimate Holding Company was required to transfer to the Group certain non-cash assets in satisfaction of such liabilities related to Pledges. On 1 April 2024, as partial settlement of the arbitral award, the Ultimate Holding Company transferred the entire equity interest in Beijing Xinyuan Hongsheng Commercial Management Co., Ltd. ("**Beijing Xinyuan Hongsheng**") and its subsidiaries to the Group.



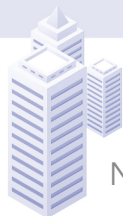
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair values of the identifiable assets and liabilities of Beijing Xinyuan Hongsheng Group as at the date of transfer on 1 April 2024 were as follows:

	<b>Fair value recognised on transfer</b> RMB'000
Property, plant and equipment (Note 14)	1,362
Investment properties (Note 19(a))	9,827
Prepayment, deposits and other receivables	28,319
Trade receivables	4,924
Cash and bank balance	21,989
Inventories	91
Tax recoverable	1,427
Intangible assets – operating right of premises (Note 17)	39,000
Trade payables	(15,333)
Contract liabilities	(17,121)
Deferred tax liabilities	(1,950)
Other payables and accruals	(40,056)
<b>Total identifiable net assets at fair value</b>	<b>32,479</b>
Loss on partial settlement of other receivables related to Pledges	53,960
Consideration set off with other receivables (Note 39(a))	86,439
<b>Net inflow of cash and cash equivalents included in cash flows from investing activities</b>	<b>21,989</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Beijing Xinyuan Hongsheng Group is principally engaged in the provision of premises management services and the acquisition was completed on 1 April 2024. The directors of the Company assessed the expected credit loss of the receivables related to Pledges and reversed the provision of approximately RMB47,471,000 (Note 7 and 24(f)) which was used to offset the loss of approximately RMB53,960,000 on partial settlement of other receivables related to Pledges for the year ended 31 December 2024. Consequently, the Group recognised a net loss of approximately RMB6,489,000 on partial settlement of other receivables related to Pledges in “other income, gains and losses – net” (Note 6) for the year ended 31 December 2024.

Since the acquisition, Beijing Xinyuan Hongsheng Group contributed revenue of approximately RMB57,866,000, and profit of approximately RMB6,580,000 to the Group.

Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year ended 31 December 2024 would have been approximately RMB893,489,000 and RMB91,888,000 respectively.

### 34. RELATED PARTY TRANSACTIONS

(a) **Name and relationship with a related party**

The Ultimate Holding Company held approximately 41.56% (2024: 43.07%) equity interests in the Company as at 31 December 2025.



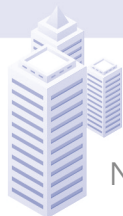
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 34. RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Material transactions with related parties

	2025 RMB'000	2024 RMB'000
Property management service fee income		
– Subsidiaries of the Ultimate Holding Company	9,659	8,510
– Associates of the Ultimate Holding Company	660	1,242
– Joint ventures of the Ultimate Holding Company	–	1,012
Value-added service fee income		
– Subsidiaries of the Ultimate Holding Company	5,268	3,016
– Joint ventures of the Ultimate Holding Company	84	2,449
Value-added service fee income (cinema lease services)		
– Joint ventures of the Ultimate Holding Company	1,332	1,164
Property management service fee income (cinema lease services)		
– Joint ventures of the Ultimate Holding Company	835	408
Pre-delivery and consulting service fee income		
– Subsidiaries of the Ultimate Holding Company	1,231	5,805
– Joint ventures of the Ultimate Holding Company	–	1,390
Property engineering services income		
– Subsidiaries of the Ultimate Holding Company	15,058	43,495
Cost of services (commercial assets entrusted operation services)		
– Subsidiaries of the Ultimate Holding Company	17,101	23,007
Cost of services (assets sales agency and operation services)		
– Subsidiaries of the Ultimate Holding Company	–	623
Recovery from loss on the interest income from Pledges		
– Subsidiary of the Ultimate Holding Company	–	24,438



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 34. RELATED PARTY TRANSACTIONS (CONTINUED)

## (b) Material transactions with related parties (Continued)

The related party transactions listed above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" of the Report of Directors.

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

(c) There are no material related party transfers during the year ended 31 December 2024 and 2025.

## (d) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 9 is set out below:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,407	2,066
Pension scheme contributions	137	133
	<b>2,544</b>	2,199



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

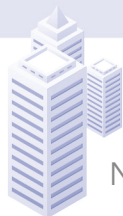
## 34. RELATED PARTY TRANSACTIONS (CONTINUED)

## (e) Balances with related parties

	2025 RMB'000	2024 RMB'000
Receivables from related parties, net of impairment:		
Trade receivables		
– Subsidiaries of the Ultimate Holding Company	91,956	84,287
– Associates of the Ultimate Holding Company	14,299	47,067
– Joint ventures of the Ultimate Holding Company	204	6,294
– A joint venture of the Group	501	4
Contract assets		
– Subsidiaries of the Ultimate Holding Company	50,509	41,526
– Associates of the Ultimate Holding Company	3,376	1,739
– Joint venture of the Ultimate Holding Company	–	1,934
Other receivables (including payments to related parties)		
– payments to related parties	157,807	99,297
– Receivables related to Pledges	142,276	148,830
– Others	43,098	52,850
Prepayment (non-current)		
– A subsidiary of the Ultimate Holding Company	89,073	47,336
Prepayments (current)		
– Subsidiaries of the Ultimate Holding Company	12,086	12,617
– An associate of the Ultimate Holding Company	17	–
Payables to related parties:		
Trade payables		
– Subsidiaries of the Ultimate Holding Company	10,390	30,066
– Joint ventures of the Company	835	–
Other payables		
– Subsidiaries of the Ultimate Holding Company (Note (a))	27,394	41,450
– An associate of the Group	–	844
– Joint ventures of the Ultimate Holding Company	369	–
Contract liabilities		
– Subsidiaries of the Ultimate Holding Company	1,060	–
– An associate of the Ultimate Holding Company	192	–
– Joint ventures of the Ultimate Holding Company	27	54

Note:

- (a) The other payables to subsidiaries of the Ultimate Holding Company are unsecured, interest free, and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
<b>Financial assets at amortised cost:</b>		
Trade and bill receivables	331,443	324,826
Financial assets included in deposits, prepayments and other receivables	369,590	322,584
Cash and cash equivalents	238,448	264,018
	939,481	911,428
<b>Financial asset at FVTOCI</b>	4,000	4,000
	943,481	915,428
<b>Financial liabilities at amortised cost:</b>		
Trade payables	161,866	144,963
Financial liabilities included in other payables and accruals	177,333	202,024
Lease liabilities	30,122	47,050
	369,321	394,037

## 36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Except for the below, the management has assessed that the fair values of time deposits, cash and cash equivalents, trade and bills receivables, contract assets, financial assets included in deposits and other receivables, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

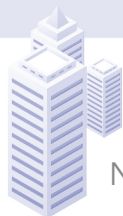
36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS  
(CONTINUED)**Fair value hierarchy**

The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in IFRS 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2025</b>				
Financial assets at FVTOCI				
– unlisted equity investment (Note 20)	–	–	4,000	4,000
<b>As at 31 December 2024</b>				
Financial assets at FVTOCI				
– unlisted equity unlisted investments (Note 20)	–	–	4,000	4,000

During the year, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS  
(CONTINUED)**

The unlisted equity investment, which was designated as financial asset at FVTOCI as at 31 December 2024 and 2025. The measurement of the fair value of the financial asset at FVTOCI may involve estimation using a market-based valuation approach based on assumptions that are not supported by observable market prices or rates. In the opinion of the directors, after assessing the financial performance of the unlisted equity investment, the disclosure and determination of the fair value of unlisted equity investment at the end of the reporting period is not performed, otherwise this would result in particulars of excessive time and resources utilised, whereas provide minimal useful information and benefit to the users of the consolidated financial statements.

The movements during the years in the balance of level 3 fair value measurement is as follows:

	<b>Unlisted equity investment</b>	<b>Other unlisted investments</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At 1 January 2024	–	10,101	10,101
Redemption of other unlisted investments	–	(10,101)	(10,101)
Purchase of unlisted equity investment	4,000	–	4,000
At 31 December 2024, 1 January 2025 and 31 December 2025	<b>4,000</b>	<b>–</b>	<b>4,000</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS  
(CONTINUED)

Information about the Level 3 fair value measurements of the financial asset at FVTOCI as at 31 December 2024 and 2025 are set out below:

Financial assets	Valuation techniques	Significant unobservable inputs	Key input applied	
			2025	2024
Financial asset at FVTOCI – unlisted equity investment	Market approach	Price/sales (P/S) multiple	22.3	N/A
		Discount for lack of marketability	53.9%	N/A
		Discount for lack of control	9.6%	N/A

Sensitivity analysis on changes in material inputs used in the valuation techniques for financial asset at FVTOCI are as follows:

#### Level 3 unlisted equity investment at FVTOCI as at 31 December 2024 and 2025

A 5% increase/(decrease) in price/sales ratio would result in RMB310,000 increase/(RMB101,000 decrease) in the fair value of the financial asset at FVTOCI as at 31 December 2025 (2024: N/A).

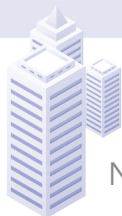
A 5% increase/(decrease) in discount for lack of marketability would result in (RMB341,000 decrease)/RMB550,000 increase in the fair value of the financial asset at FVTOCI as at 31 December 2025 (2024: N/A).

A 5% increase/(decrease) in discount for lack of control would result in (RMB122,000 decrease)/RMB331,000 increase in the fair value of the financial asset at FVTOCI as at 31 December 2025 (2024: N/A).

The higher the price/sales ratio, the higher the fair value of the financial asset at FVTOCI, and vice versa.

The higher the discount for lack of marketability, the lower the fair value of the financial asset at FVTOCI, and vice versa.

The higher the discount for lack of control, the lower the fair value of the financial asset at FVTOCI, and vice versa.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise time deposits and cash and cash equivalents. The main purpose of these financial instruments are to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments and other receivables, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

#### (a) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables, contract assets, deposits and other receivables and payments to/amounts due from related parties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis, considering available reasonable and supportive forward-looking information.

The Group has three types of assets that are subject to the ECL model:

- Trade receivables;
- Contract assets; and
- Other financial assets at amortised cost.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

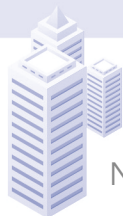
## (i) Trade receivables and contract assets

As part of the Group's credit risk management, the Group applies internal credit rating for its customers by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. The Group applies simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix.

Except for related parties and customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables and contract assets, representing larger number of small customers are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over past three years and the corresponding historical credit losses experienced within the period. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic growth and unemployment rate are to be the most relevant factor, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

Related parties and individual customers with significant balances are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considered macroeconomic factors, industry risks and changes in debtor's conditions.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for those customers with continuous partial settlement.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

## (i) Trade receivables and contract assets (Continued)

The loss allowance provision for the trade receivables was determined as follows:

	Third parties								Total
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Sub- total	Related parties	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>At 31 December 2025</b>									
ECL rate	21.19%	35.98%	49.26%	59.69%	70.90%	100.00%	38.69%	55.66%	
Gross carrying amount	160,941	81,315	50,572	31,664	20,361	19,260	364,113	241,232	605,345
ECL	34,104	29,257	24,912	18,900	14,436	19,260	140,869	134,272	275,141
<b>At 31 December 2024</b>									
ECL rate	10.52%	21.54%	42.52%	82.87%	100%	100%	30.69%	41.67%	
Gross carrying amount	123,788	64,187	35,956	22,304	11,021	10,534	267,790	235,973	503,763
ECL	13,025	13,823	15,289	18,484	11,021	10,534	82,176	98,321	180,497

The directors of the Company considered the ECL for bills receivable as at 31 December 2025 are immaterial in view of no history of default and good repayment history of these customers (2024: Same).

Contract assets have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the ECL rates and forward-looking information for trade receivables are a reasonable approximation of the loss rates for the contract assets, and the forward-looking information determined in above was also incorporated to estimate the loss allowance of contract assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

## (i) Trade receivables and contract assets (Continued)

The loss allowance provision for the contract assets was determined as follows:

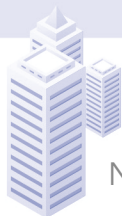
	ECL rate RMB'000	Gross carrying amount RMB'000	ECL RMB'000
<b>2025</b>			
Third parties	<b>49.31%</b>	<b>37,925</b>	<b>(18,701)</b>
Related parties	<b>22.53%</b>	<b>69,556</b>	<b>(15,671)</b>
		<b>107,481</b>	<b>(34,372)</b>
<b>2024</b>			
Third parties	54.51%	28,911	(15,759)
Related parties	38.57%	73,583	(28,384)
		102,494	(44,143)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously impaired are credited against the same line item.

The movement of allowance for impairment of trade receivables and contract assets are separately disclosed in Notes 22 and 23 to these consolidated financial statements.

Except for the balances with the related party group, concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and contract assets are widely dispersed.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Credit risk (Continued)

##### (ii) Other financial assets at amortised cost

For the deposits and other receivables other than balances with related parties, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due and forward-looking information of counterparties to assess whether credit risk has increased significantly since initial recognition. As at the reporting date, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The management considered that the identified impairment loss under ECL model was immaterial.

Related parties are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and ECL rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group considered macroeconomic factors, industry risks and changes in debtor's conditions.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. The management does not expect that there will be any significant losses from non-performance by these counterparties.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

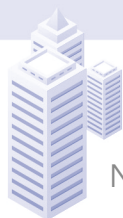
## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

## (ii) Other financial assets at amortised cost (Continued)

The Group estimated ECL by applying a loss rate approach with reference to the historical loss record of Group. The loss rate is adjusted to reflect to the current conditions and forecasts of future economic conditions, as appropriate. Set out below is the information about the credit risk exposure on the Group's deposits and other receivables/payments to related parties:

	Third parties RMB'000	Related parties RMB'000	Total RMB'000
<b>At 31 December 2025</b>			
ECL rate	<b>11.54%</b>	<b>38.93%</b>	
Gross carrying amount	<b>29,853</b>	<b>561,935</b>	<b>591,788</b>
ECL	<b>3,444</b>	<b>218,754</b>	<b>222,198</b>
<b>At 31 December 2024</b>			
ECL rate	42.78%	47.15%	
Gross carrying amount	37,761	569,451	607,212
ECL	16,154	268,474	284,628



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

(iii) The Group's internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables/ contract assets</b>	<b>Other financial assets</b>
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL – not-credit impaired	12m ECL
Underperforming	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
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

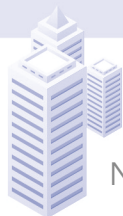
For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

(iv) The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
				2025 RMB'000	2024 RMB'000
Financial assets at amortised cost:					
Trade receivables	22	Performing	Lifetime ECL (not credit-impaired)	<b>586,085</b>	493,229
		Non-performing	Lifetime ECL (credit-impaired)	<b>19,260</b>	10,534
Deposits, prepayments to a related party, payments to a related party and other receivables, excluding prepaid expenses and goods and services tax receivables	24	Performing	12m ECL	<b>91,585</b>	103,898
		Non-performing	Lifetime ECL (not credit-impaired)	<b>500,203</b>	503,314
Cash and cash equivalents	25	N/A	12m ECL	<b>238,448</b>	264,018
Other item:					
Contract assets	23	Non-performing	Lifetime ECL (credit-impaired)	<b>53,134</b>	32,131
		Non-performing	Lifetime ECL (not credit-impaired)	<b>54,347</b>	70,363



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

- (v) The tables below detail the credit risk exposures in respect of the ECL loss allowance movement of the Group's financial assets.

The following table shows the credit risk exposure for the loss allowance movement in lifetime ECL of the trade receivables:

**At 31 December 2025**

Trade receivables	Lifetime ECLs (not credit-impaired) RMB'000	Lifetime ECLs (credit-impaired) RMB'000	Total RMB'000
At the beginning of year	169,963	10,534	180,497
Impairment losses provided	85,918	8,726	94,644
At the end of the year	255,881	19,260	275,141

**At 31 December 2024**

Trade receivables	Lifetime ECLs (not credit-impaired) RMB'000	Lifetime ECLs (credit-impaired) RMB'000	Total RMB'000
At the beginning of year	190,973	9,239	200,212
Impairment losses (reversed)/ provided	(21,010)	1,295	(19,715)
At the end of the year	169,963	10,534	180,497



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

## (v) (Continued)

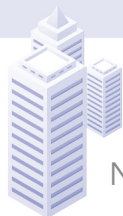
The following table shows the credit risk exposure for the loss allowance movement in 12-month ECL and lifetime ECL of deposits, prepayments to a related party, payments to a related party and other receivables:

**At 31 December 2025**

Deposits, prepayments to a related party, payments to a related party and other receivables	12-month ECL RMB'000	Lifetime ECLs (not credit-impaired) RMB'000	Total RMB'000
At the beginning of year	29,441	296,924	326,365
Impairment losses reversed	(7,363)	(96,804)	(104,167)
At the end of the year	22,078	200,120	222,198

**At 31 December 2024**

Deposits, prepayments to a related party, payments to a related party and other receivables	12-month ECL RMB'000	Lifetime ECLs (not credit-impaired) RMB'000	Total RMB'000
At the beginning of year	7,054	319,938	326,992
Impairment losses provided/ (reversed)	22,387	(23,014)	(627)
At the end of the year	29,441	296,924	326,365



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (a) Credit risk (Continued)

## (v) (Continued)

The following table shows the credit risk exposure for the loss allowance movement in the lifetime ECL of the contract assets:

**At 31 December 2025**

Contract assets	Lifetime ECLs (not credit-impaired) RMB'000	Lifetime ECLs (credit-impaired) RMB'000	Total RMB'000
At the beginning of year	19,211	24,932	44,143
Impairment losses reversed	(9,242)	(529)	(9,771)
At the end of the year	9,969	24,403	34,372

## At 31 December 2024

Contract assets	Lifetime ECLs (not credit-impaired) RMB'000	Lifetime ECLs (credit-impaired) RMB'000	Total RMB'000
At the beginning of year	40,797	–	40,797
Impairment losses (reversed)/ provided	(21,586)	24,932	3,346
At the end of the year	19,211	24,932	44,143



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities which is based on the contractual undiscounted cash flows by relevant maturity groupings, and based on the remaining period from the end of reporting period to the contractual maturity date.

**At 31 December 2025**

	On demand or within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	161,866	-	-	161,866	161,866
Financial liabilities included in other payables and accruals	177,333	-	-	177,333	177,333
Lease liabilities	15,398	16,091	-	31,489	30,122
	<b>354,597</b>	<b>16,091</b>	<b>-</b>	<b>370,688</b>	<b>369,321</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (b) Liquidity risk (CONTINUED)

At 31 December 2024

	On demand or within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	144,963	–	–	144,963	144,963
Financial liabilities included in other payables and accruals	202,024	–	–	202,024	202,024
Lease liabilities	20,530	26,793	3,514	50,837	47,050
	367,517	26,793	3,514	397,824	394,037

## (c) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of trade payables, other payables and accruals and lease liabilities, net of cash and cash equivalents, and equity attributable to equity shareholders of the Company, comprising share capital, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for capital management during the year ended 31 December 2025.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

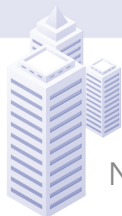
## (c) Capital management (Continued)

The net gearing ratio at the end of the year was as follows:

	2025 RMB'000	2024 RMB'000
Trade payables	161,866	144,963
Other payables and accruals	240,481	264,179
Lease liabilities	30,122	47,050
Total debt	432,469	456,192
Less: Cash and bank balances	(238,448)	(264,018)
Net debt	194,021	192,174
Equity attributable to the owners of the Company	652,026	583,987
Net gearing ratio	30%	33%

The overall gearing ratio at the end of the year was as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	665,480	692,036
Total assets	1,323,862	1,280,716
Overall gearing ratio	50%	54%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Foreign currency risk

The Group has no significant foreign currency risk as the operations and customers of the Group are located in the PRC with most of the operating assets and transactions denominated and settled in RMB.

#### (e) Fair value risk

The Group is not exposed to fair value risk of its investment in unlisted investment at FVTOCI as at 31 December 2025 as its fair value exposure is considered minimal. The Group is not exposed to fair value risk of its investment in unlisted investment at FVTOCI as at 31 December 2024 as its fair value exposure is considered minimal. For unlisted fund-linked note measured at FVTPL, it was redeemed during the year 2024 so that its fair value exposure is considered minimal as at 31 December 2024.

The unlisted equity investment was designated as financial asset at FVTOCI, and its carrying amount is immaterial to the Group as a whole as at 31 December 2025 and 2024 and consequently, the related fair value risk exposed to the Group is considered insignificant. For its fair value measurement as at 31 December 2025 and 2024, the details are set out in Note 36.

### 38. EVENTS AFTER THE REPORTING PERIOD

There are material subsequent events undertaken by the Company and by the Group after 31 December 2025 and up to the date of this annual report.

#### Offsetting Debt Agreements

Reference is made to the announcement of the Company dated 19 May 2025 (the “**May 2025 Announcement**”) and the circular published on 21 July 2025 (the “**July 2025 Circular**”). Unless otherwise specified, capitalized terms used in this section shall have the same meanings as defined in May 2025 Announcement and July 2025 Circular.

On 19 May 2025, certain members of the Group entered into the Offsetting Debt Agreements with the Relevant Xinyuan Real Estate Companies, pursuant to which the Relevant Xinyuan Real Estate Companies agreed to transfer the Target Properties to members of the Group at an aggregate consideration of RMB29,334,247 to be satisfied by, among others, offsetting certain Outstanding Accounts Receivable owing from the Relevant Xinyuan Real Estate Companies and their respective subsidiaries and associates to the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 38. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

**Offsetting Debt Agreements (Continued)**

At the extraordinary general meeting held on 6 August 2025, the Offsetting Debt Agreements were approved by the independent shareholders. For further details, please refer to May 2025 Announcement and July 2025 Circular. As at 31 December 2025 and up to the date of this annual report, the Group has not yet completed the procedures to register the transfer of the ownership of the Target Properties. Hence, the above-mentioned properties were not recognised as assets in the consolidated statement of financial position as at 31 December 2025.

**Debt Settlement Agreements**

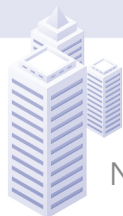
References are made to the announcement of the Company dated 25 November 2025 (the “**November 2025 Announcement**”) and the circular of the Company dated 26 January 2026 (the “**January 2026 Circular**”). Unless the context requires otherwise, capitalized terms used in this section share have the same meanings as those defined in November 2025 Announcement and January 2026 Circular.

**Offsetting Debt Agreement 1**

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and the Relevant Xinyuan Real Estate Companies 1 entered into the Offsetting Debt Agreement 1, pursuant to which the Relevant Xinyuan Real Estate Companies 1 agreed to transfer (and, where applicable, procure that their respective subsidiaries transfer) the Target Properties 1 to Xinyuan Science and Technology at an aggregate consideration of RMB89,073,130 to be satisfied by, among others, offsetting the Prepayment for the purchase of 342 property units of Xinyuan Mingcheng, the property development project located in Henan Province (see Note 24(a)).

**Offsetting Debt Agreement 2**

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company), Beijing Xinyuan Hongsheng (a wholly-owned subsidiary of the Company) and the Relevant Xinyuan Real Estate Companies 2 entered into the Offsetting Debt Agreement 2, pursuant to which the Relevant Xinyuan Real Estate Companies 2 agreed to transfer (and, where applicable, procure that their respective subsidiaries transfer) the Target Properties 2 to Xinyuan Science and Technology and Beijing Xinyuan Hongsheng at an aggregate consideration of RMB41,070,000 to be satisfied by, among others, offsetting the other receivables from certain related parties with outstanding balances RMB41,070,000, which were included in the “other receivables – related parties” (see Note 24(c)) under the Note 24 “Deposits, prepayments and other receivables/payments to related parties/prepayments to a related party”.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 38. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

#### Debt Settlement Agreements (Continued)

##### Offsetting Debt Agreement 3

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and Zhengzhou Hangmei entered into the Offsetting Debt Agreement 3, pursuant to which Zhengzhou Hangmei agreed to transfer (and, where applicable, procure that its subsidiaries and associates transfer) the Target Properties 3 to Xinyuan Science and Technology at an aggregate consideration of RMB3,759,565.77 to be satisfied by offsetting the relevant amount of Outstanding Trade Receivable owing by Zhengzhou Hangmei to Xinyuan Science and Technology.

##### Lease Transaction

On 25 November 2025, Xinyuan Science and Technology (a wholly-owned subsidiary of the Company) and Tianjin Xinyuan entered into the Lease Agreement in relation to the lease of the Lease Properties for a term of 20 years. The rent will be satisfied by offsetting the relevant amount of Outstanding Trade Receivable owing by Tianjin Xinyuan to Xinyuan Science and Technology.

At the extraordinary general meeting held on 12 February 2026, the above mentioned Offsetting Debt Agreements and the Lease Agreement were approved by the independent shareholders.

For further details, please refer to November 2025 Announcement and January 2026 Circular.

### 39. CASH FLOWS INFORMATION

#### (a) Major non-cash transaction

During the year ended 31 December 2025, the Group did not have material non-cash transactions.

During the year ended 31 December 2024, the Group had certain material non-cash transactions, relating to the partial settlement of the other receivables related to the Pledges under the arbitral award issued by the Hong Kong International Arbitration Centre on 31 October 2023. The partial settlement was made through the transfer of the Ultimate Holding Company's certain non-cash assets comprising (i) the investment properties of leased clubhouses amounted to approximately RMB43,881,000 for the exclusive rights to operate and receive rental income derived from the six clubhouses of six residential projects in Zhengzhou City of Henan Province on 30 November 2023 (note 19(b)); and (ii) 100% equity interest in Beijing Xinyuan Hongsheng Group at a consideration of approximately RMB86,439,000 (note 33).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

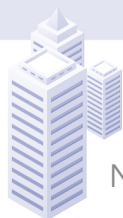
For the year ended 31 December 2025

## 39. CASH FLOWS INFORMATION (CONTINUED)

## (b) Reconciliation of liabilities from financing activities

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

	<b>Lease liabilities</b> (Note 16(b)) RMB'000	<b>Total</b> RMB'000
<b>At 1 January 2024</b>	11,224	11,224
<b>Changes from financing cash flows:</b>		
Payment of principal portion of lease liabilities	(965)	(965)
<b>Other changes:</b>		
Interest on lease liabilities	1,041	1,041
New lease contracts entered	35,750	35,750
Total other changes	36,791	36,791
<b>At 31 December 2024 and 1 January 2025</b>	<b>47,050</b>	<b>47,050</b>
<b>Changes from financing cash flows:</b>		
Payment of principal portion of lease liabilities	(20,360)	(20,360)
<b>Other changes:</b>		
Interest on lease liabilities	1,664	1,664
Existing lease contracts early terminated	(4,975)	(4,975)
New lease contracts entered	6,743	6,743
Total other changes	3,432	3,432
<b>At 31 December 2025</b>	<b>30,122</b>	<b>30,122</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	(a)	6,880	6,880
Amounts due from subsidiaries		344,581	338,658
Total non-current assets		351,461	345,538
<b>CURRENT ASSET</b>			
Cash and cash equivalents		11,221	37,252
Total current asset		11,221	37,252
<b>CURRENT LIABILITY</b>			
Amounts due to subsidiaries		54,997	52,499
Total current liability		54,997	52,499
<b>NET CURRENT LIABILITIES</b>			
		(43,776)	(15,247)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>			
		307,685	330,291
<b>EQUITY</b>			
Share capital	30	5	5
Reserves	(b)	307,680	330,286
Total equity		307,685	330,291

The financial statements were approved and authorised by the board of directors on 30 March 2026 and were signed on its behalf:

SHEN Yuan-Ching  
Director

Wang Yong  
Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

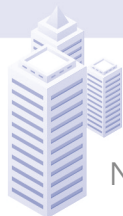
## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

## (a) Investments in subsidiaries

As at 31 December 2024 and 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	2025	2024	
Xinyuan Property Management Service (BVI) Ltd.	British Virgin Islands, 2 January 2019	–	100%	100%	–	–	Investment holding
Xinyuan Property Management Service (HK) Limited ("Xinyuan HK")	Hong Kong, 8 January 2019	HK\$1	–	–	100%	100%	Investment holding
Xinyuan Science and Technology Service Group Co., Ltd. (鑫苑科技服務集團有限公司) ("Xinyuan Science")	The PRC, 28 December 1998	RMB50,000,000	–	–	100%	100%	Property management and related services
Beijing Xinxiang Huicheng Property Services Co., Ltd. (北京鑫享滙成物業服務有限公司)	The PRC, 18 October 2013	RMB10,000,000	–	–	100%	100%	Property decoration services
Henan Chengzhilang Property Services Co., Ltd. (河南誠至行物業服務有限公司)	The PRC, 15 December 2017	RMB5,000,000	–	–	100%	100%	Property management and related services
Henan Xinyuan Property Services Co., Ltd. (河南鑫苑物業服務有限公司)	The PRC, 1 December 2016	RMB10,000,000	–	–	100%	100%	Property management and related services
Henan Xinyuan Real Estate Marketing Co., Ltd. (河南鑫苑房地產營銷策劃有限公司)	The PRC, 30 July 2015	RMB1,000,000	–	–	100%	100%	Real estate marketing
Jiangsu Xinyuan Property Service Co., Ltd. (江蘇鑫苑物業服務有限公司)	The PRC, 30 May 2022	RMB10,000,000	–	–	100%	100%	Property management and related services
Henan Xinxiansheng Trading Co., Ltd. (河南鑫鮮生商貿有限公司)	The PRC, 20 May 2022	RMB1,000,000	–	–	100%	100%	Trading
Henan Yueshenghang Property Services Co., Ltd. (河南悅晟行物業服務有限公司)	The PRC, 15 April 2016	RMB5,000,000	–	–	100%	100%	Property management and related services

\* For identification purposes only



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

#### (a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	2025	2024	
Puyang Zhongfang Xinyuan Property Services Co., Ltd. (濮陽中房鑫苑物業服務有限公司)	The PRC, 29 November 2017	RMB5,000,000	-	-	65%	65%	Property management and related services
Yancheng Xinyuan Huafang Property Management Co., Ltd. (鹽城鑫苑華芳物業服務有限公司)	The PRC, 12 June 2017	RMB2,680,000	-	-	100%	100%	Property management and related services
Henan Gechen Culture Media Co., Ltd. (河南格宸文化傳媒有限公司)	The PRC, 14 March 2019	RMB10,000,000	-	-	100%	100%	Event planning and execution
Xinyang Xinzhiheng Property Services Co., Ltd. (樂陽市鑫之晟物業服務有限公司)	The PRC, 9 April 2019	RMB10,000,000	-	-	-	-	Property management and related services (Deregistered on 5 September 2024)
Henan Yingsheng M&E Engineering Co., Ltd. (河南省盈晟機電工程有限公司)	The PRC, 10 April 2019	RMB20,000,000	-	-	51%	51%	Intelligence engineering
Neihuang Shirui Property Management Co., Ltd. (內黃縣實瑞物業服務有限公司)	The PRC, 19 September 2014	RMB500,000	-	-	100%	100%	Property management and related services
Zhengzhou Xunjian Intelligent Engineering Co., Ltd. (鄭州市迅簡智能化工程有限公司)	The PRC, 18 July 2022	RMB5,000,000	-	-	100%	100%	Intelligence engineering
Jiangsu Shengyuan Intelligent Engineering Co., Ltd. (江蘇晟遠智能化工程有限公司)	The PRC, 5 July 2022	RMB10,000,000	-	-	100%	100%	Intelligence engineering
Henan Xinjiasheng Elevator Engineering Co., Ltd. (河南鑫嘉晟電梯工程有限公司)	The PRC, 22 October 2019	RMB10,000,000	-	-	100%	100%	Elevator installation, repair and maintenance services
Huaian Kangyang Property Services Co., Ltd. (淮安康陽物業服務有限公司)	The PRC, 4 December 2013	RMB200,000	-	-	70%	70%	Property management and related services
Henan Jingya Landscape Engineering Company Co., Ltd. (河南璟雅園林工程有限公司)	The PRC, 14 March 2019	RMB10,000,000	-	-	100%	100%	Landscape engineering and related services



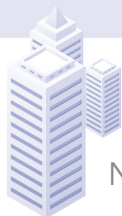
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

## (a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	2025	2024	
Henan Xinzhixiang Electronic Technology Co., Ltd. (河南鑫智享電子科技有限公司)	The PRC, 20 May 2020	RMB5,000,000	-	-	100%	100%	Network technical service
Hefei Xinyuan Property Services Co., Ltd. (合肥鑫苑物業服務有限公司)	The PRC, 1 June 2019	RMB1,000,000	-	-	-	100%	Property management and related services (Deregistered on 8 February 2025)
Henan Xinyi Better Life Co., Ltd. (河南鑫怡美好生活服務有限公司)	The PRC, 18 August 2020	RMB5,000,000	-	-	100%	100%	Housekeeping services
Henan Shengjia Apartment Management Co., Ltd. (河南晟家公寓管理有限公司)	The PRC, 25 August 2020	RMB10,000,000	-	-	100%	100%	Property management and related services
Guangzhou Yuesheng Lianxing Business Service Co. Ltd. (廣州悅晟聯行商務服務有限公司)	The PRC, 10 September 2020	RMB10,000,000	-	-	100%	100%	Business services
Jinan Shengyuan Intelligent Engineering Co., Ltd. (濟南晟遠智能化工程有限公司)	The PRC, 1 August 2022	RMB5,000,000	-	-	100%	100%	Intelligent engineering
Zhengzhou Xinzhimeng Property Service Co., Ltd. (鄭州市鑫之夢物業服務有限公司)	The PRC, 8 July 2023	RMB5,000,000	-	-	100%	100%	Property management and related services
Chongqing Heavy Truck Group Hongqi Property Co. Ltd. (重慶重型汽車集團鴻企物業有限責任公司)	The PRC, 16 October 2008	RMB5,352,000	-	-	100%	100%	Property management and related services
Beijing Jue Real Estate Agency Co., Ltd. (北京聚合房地產經紀有限公司)	The PRC, 2 August 2017	RMB7,000,000	-	-	100%	100%	Real Estate Agency
Henan Rongyao Catering Service Co. Ltd (河南融肴餐飲服務有限公司)	The PRC, 23 September 2021	RMB1,000,000	-	-	51%	51%	Dormant



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

## (a) Investments in subsidiaries (Continued)

Name	Place and date of incorporation/ place of operation	Registered and issued capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	2025	2024	
Zhengzhou Shengxin Landscaping Construction Co. Ltd. (鄭州晟欣園林綠化工程有限公司)	The PRC, 10 November 2021	RMB10,000,000	-	-	51%	51%	Dormant
Lu'an Xinyuan Property Service Co., Ltd. (六安鑫苑物業服務有限公司)	The PRC, 19 October 2022	RMB3,000,000	-	-	-	-	Property management and related services (Deregistered on 22 August 2024)
Xinda Property Management (Beijing) Technology Co., Ltd. 鑫達物管(北京)科技有限公司	The PRC, 20 January 2023	RMB50,040,000	-	-	100%	100%	Property management and related services
Henan Beimateng Trading Co., Ltd. 河南貝馬騰商貿有限公司	The PRC, 11 October 2023	RMB5,000,000	-	-	100%	100%	Trade services

\* Newly set up subsidiaries during the year.

The English names of all subsidiaries established in the PRC are translated for identification purposes only.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

## (b) Reserves

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Other reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2024	628,803	–	(238,638)	390,165
Loss and total comprehensive loss for the year	–	–	(18,193)	(18,193)
Issue of new shares for share award scheme (Note 32)	–	7,848	–	7,848
Vesting of awarded shares (Note 32)	7,848	(7,848)	–	–
Dividends (Note 12)	–	–	(49,534)	(49,534)
At 31 December 2024 and 1 January 2025	<b>636,651</b>	–	<b>(306,365)</b>	<b>330,286</b>
Profit and total comprehensive income for the year	–	–	<b>7,120</b>	<b>7,120</b>
Dividends (Note 12)	–	–	<b>(29,726)</b>	<b>(29,726)</b>
At 31 December 2025	<b>636,651</b>	–	<b>(328,971)</b>	<b>307,680</b>



## FINANCIAL SUMMARY

Below are the Group's financial information extracted from the Company's published consolidated financial statements:

### GROUP OPERATING RESULT

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	<b>904,878</b>	868,874	749,606	686,498	770,176
Gross profit	<b>282,671</b>	244,986	241,274	229,320	266,157
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	<b>97,765</b>	87,041	28,126	(334,265)	122,570

### GROUP ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	<b>259,458</b>	240,884	130,014	130,481	350,983
Current assets	<b>1,064,404</b>	1,039,832	945,419	901,222	1,141,792
Total assets	<b>1,323,862</b>	1,280,716	1,075,433	1,031,703	1,492,775
Current liabilities	<b>644,741</b>	652,350	520,750	508,728	567,085
Net current assets	<b>419,663</b>	387,482	424,669	392,494	574,707
Total assets less current liabilities	<b>679,121</b>	628,366	554,683	522,975	925,690
Non-current liabilities	<b>20,739</b>	39,686	12,957	9,662	10,798
Net assets	<b>658,382</b>	588,680	541,726	513,313	914,892
Capital and reserves					
Share capital	<b>5</b>	5	5	5	5
Reserves	<b>652,021</b>	583,982	538,627	510,501	911,533
Non-controlling interests	<b>6,356</b>	4,693	3,094	2,807	3,354
Total equity	<b>658,382</b>	588,680	541,726	513,313	914,892