



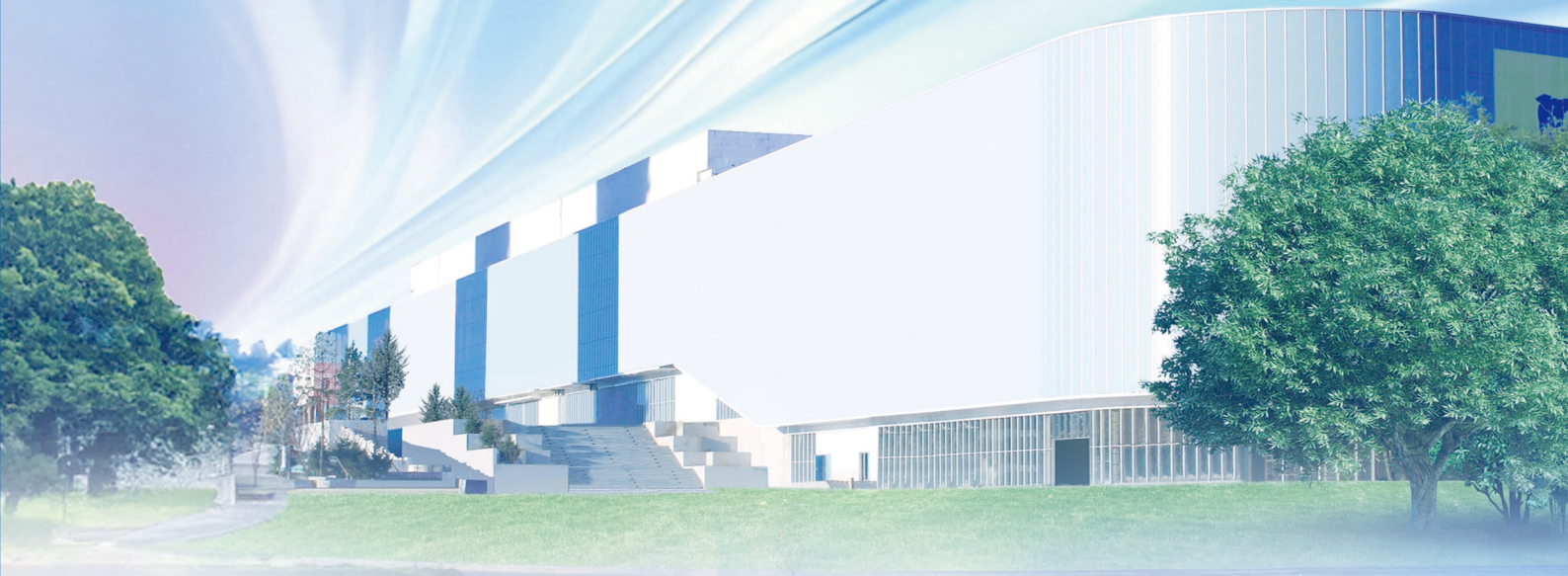
信基沙溪集团股份有限公司

XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3603

2025

ANNUAL REPORT



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheung Hon Chuen, *Chairman of the Board and Chief Executive Officer*
 Mr. Mei Zuoting
 Mr. Zhang Weixin

NON-EXECUTIVE DIRECTORS

Mr. Lin Lie
 Ms. Wang Yixue
 Mr. Zhao Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Zeng Zhaowu
 Mr. Tan Michael Zhen Shan
 Dr. Zheng Decheng

ALTERNATE DIRECTORS

Mr. Zhang Weiquan
(Alternate Director to Mr. Cheung Hon Chuen, appointed on 29 August 2025)
 Mr. Mei Jiawei
(Alternate Director to Mr. Mei Zuoting, appointed on 29 August 2025)
 Mr. Zhang Jiajian
(Alternate Director to Mr. Zhang Weixin, appointed on 29 August 2025)

AUDIT COMMITTEE

Dr. Zeng Zhaowu *(Chairman)*
 Mr. Tan Michael Zhen Shan
 Dr. Zheng Decheng

REMUNERATION COMMITTEE

Dr. Zeng Zhaowu *(Chairman)*
 Mr. Cheung Hon Chuen
 Dr. Zheng Decheng

NOMINATION COMMITTEE

Mr. Cheung Hon Chuen *(Chairman)*
 Dr. Zheng Decheng
 Dr. Zeng Zhaowu
 Ms. Wang Yixue
(appointed on 29 August 2025)
 Mr. Tan Michael Zhen Shan
(appointed on 29 August 2025)

COMPANY SECRETARY

Mr. Kam Chi Sing

AUTHORISED REPRESENTATIVES

Mr. Mei Zuoting
 Mr. Kam Chi Sing

AUDITOR

CCTH CPA Limited
 Certified Public Accountants
 Unit 1510-1517, 15/F, Tower 2
 Kowloon Commerce Centre
 No. 51 Kwai Cheong Road
 Kwai Chung, New Territories
 Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 301-303
 3/F, Golden Gate Commercial Building
 136-138 Austin Road
 Tsim Sha Tsui
 Kowloon
 Hong Kong

Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1st Floor, Xinjicheng Club
No. 250, Intersection of Nanda Road
Panyu District, Guangzhou
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Guangzhou Rural Commercial Bank
Panyu Branch
72 Chaoyang West Road
Panyu District, Guangzhou
PRC

CMB Wing Lung Bank Limited
CMB Wing Lung Bank Building
45 Des Voeux Road Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
P. C. Woo & Co.
12/F, Prince's Building
10 Chater Road
Central
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

SEHK: 3603

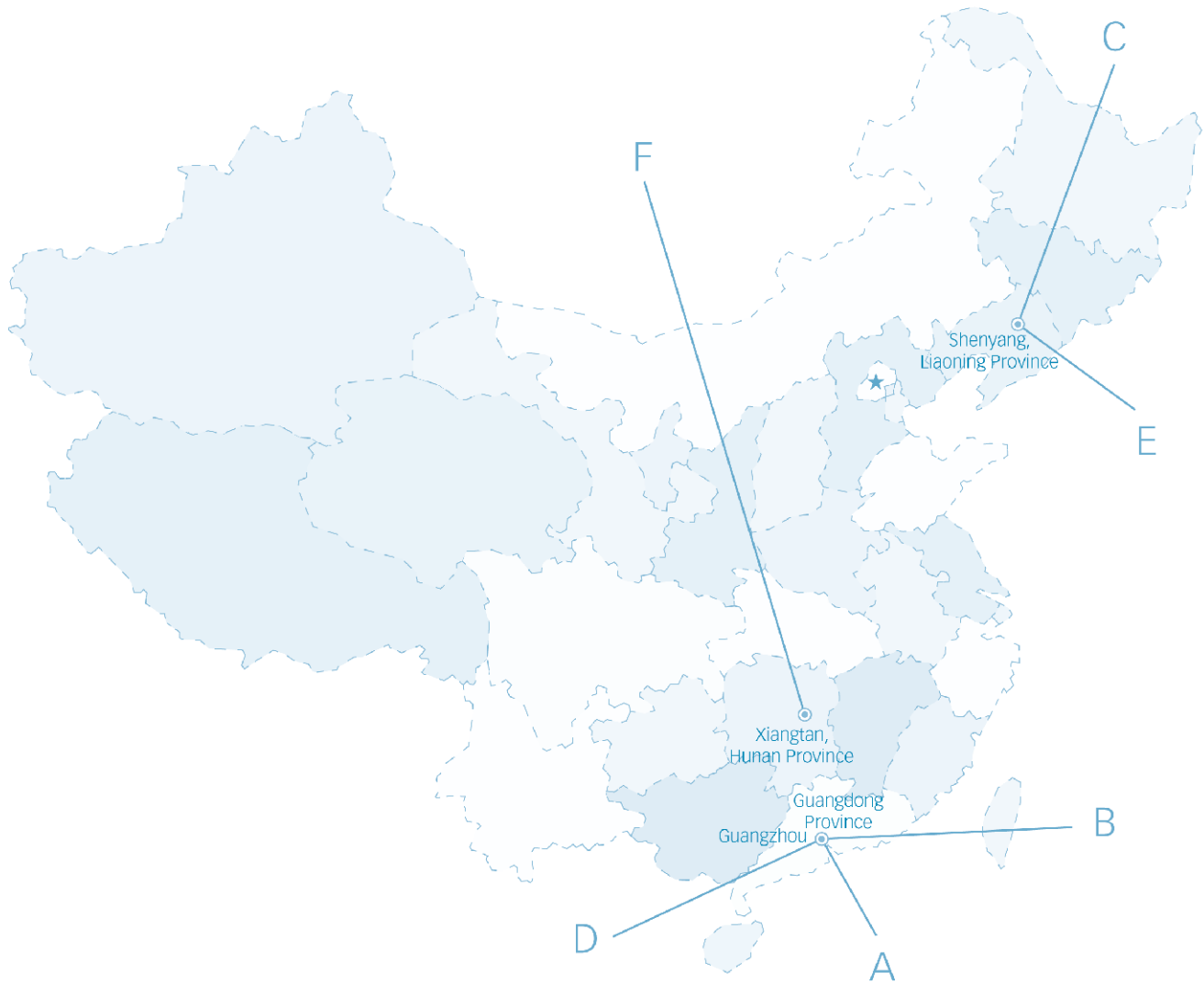
WEBSITE ADDRESS

www.xjsx.net.cn

LISTING DATE

8 November 2019

PORTFOLIO OF SHOPPING MALLS



- A Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)
- B Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)
- C Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)
- D Xinji Dashi Home Furnishings Center (信基大石傢俬城)
- E Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)
- F Xinji Shaxi Yuetang International Hotel Supplies Trading Exhibition Center (信基沙溪•岳塘國際酒店用品交易展示中心)

Portfolio of Shopping Malls

(A) XINJI SHAXI HOSPITALITY SUPPLIES EXPO CENTER (信基沙溪酒店用品博覽城)

Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城) is located at No. 11 Shaxida Road, Luopu Street, Panyu District, Guangzhou City, Guangdong Province, PRC with a total GFA of approximately 62,222.59 sq.m.. This shopping mall commenced operation in December 2003.

We strive to maintain our Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城) as the nation's most well-known hospitality supplies wholesale market. It was awarded as the 2014 China's Hospitality Supplies Industry Leader Market (2014年度中國酒店用品行業領軍市場) by the CHSA in 2015 and the National Integrity Model Market (全國誠信示範市場) by the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) in 2015. It was also recognised as the Guangdong Top Brand (廣東省(行業類)名牌產品) by the Guangdong Quality Brands Bureau* (廣東卓越質量品牌研究院) in 2018.

Our Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城) benefits from its close proximity to the Panyu Shaxi exit of the South China Highway (華南快速幹線) in Guangzhou which attracts tenants and customers in Guangdong Province.

As of 31 December 2025, it consisted of a total LFA of approximately 62,124.08 sq.m. of retail space, approximately 132 advertising spaces and 280 car park spaces, having 562 tenants selling various types of international and national hospitality supplies brands of different categories, including but not limited to glass and stainless-steel products, kitchen supplies, room supplies, bakery essentials, textiles, electrical appliances and utensils. With its large scale of operation providing all sorts of hospitality supplies, it has become a high-end one-stop shopping mall for consumers.

For the FY2025, Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城) recorded an occupancy rate of 94.2% (2024: 87.9%).

(B) XINJI HOTELEX HOSPITALITY SUPPLIES CENTER (信基豪泰酒店用品城)

Xinji Hotelex Hospitality Supplies Center is located at Northern side of Yingbin Road, Shangjiao Village, Luopo Street, Panyu District, Guangzhou City, Guangdong Province, PRC, near the Xiajiao Station of the Guangzhou Metro and the west exit of the Xinguang Highway (新光快速路) with a total GFA of approximately 72,636.09 sq.m..

Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城) (formerly known as Xinji Yingbin Hospitality Supplies Center (信基迎賓酒店用品城)) is one of the well-known hospitality supplies wholesale markets in Guangzhou.

As of 31 December 2025, this shopping mall had a total operating area of approximately 72,307.88 sq.m. and 505 tenants selling various types of international and national hospitality supplies brands of different categories, including but not limited to glass and stainless-steel products, beverage essentials, kitchen supplies, room supplies, bakery essentials, textiles, electrical appliances and utensils.

For the FY2025, our Xinji Hotelex Hospitality Supplies Center recorded an occupancy rate of 87.0% (2024: 91.4%).

Portfolio of Shopping Malls

(C) XINJI SHAXI HOSPITALITY SUPPLIES EXPO CENTER (SHENYANG) (瀋陽信基沙溪酒店用品博覽城)

Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城) is located at No. 59-1 Daoyibeida Street, Shenbeixin District, Shenyang City, Liaoning Province, PRC with a total GFA of approximately 88,416.03 sq.m.. It consists of five floors of retail space with a modern interior and is our first hospitality supplies shopping mall in Northeast China.

Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城) provides consumers and retailers a one-stop and high-end shopping experience for hospitality products in Northeast China. It was recognised as the Appointed Procurement Agency of Liaoning Hotel Association (遼寧省飯店協會指定採購單位) by the Liaoning Hotel Association (遼寧省飯店協會) and the Best Procurement Agency for hospitality supplies (中國酒店用品最佳的採購基地) by the CHSA in March 2015.

This shopping mall commenced operation in October 2014.

As of 31 December 2025, it consisted of a total LFA of approximately 58,720.12 sq.m. of retail space, approximately 74 advertising spaces and 261 car park spaces, having 55 tenants who were mostly engaged in the wholesale of hospitality supplies of stainless-steel products, kitchen supplies, room supplies, textiles, furniture, beverage and cleaning essentials and utensils.

For the FY2025, this shopping mall recorded an occupancy rate of 31.29% (2024: 32.84%).

(D) XINJI DASHI HOME FURNISHINGS CENTER (信基大石傢俬城)

Xinji Dashi Home Furnishings Center (信基大石傢俬城) is located at No. 105 Guo Road, Dashi Street, Panyu District, Guangzhou City, Guangdong Province, PRC with a total GFA of approximately 24,893.95 sq.m..

Xinji Dashi Home Furnishings Center (信基大石傢俬城) continues to provide a one-stop shopping experience to potential commercial and household consumers for office and home furnishings in Guangdong Province. Xinji Dashi Home Furnishings Center (信基大石傢俬城) was awarded as the Most Reliable Home Furnishings Mall (最受消費者信賴家居商場) by the Guangdong Construction Association* (廣東省建築材料行業協會) in December 2010 and the Favourite Mall 2016 for home furnishings (2016家居權力榜最受消費者喜愛賣場) recognised by the China Marketing Grand Ceremony (中國營銷盛典) organised by the Southern Metropolis Daily (南方都市報) in December 2016. Its marketing strategy focuses on providing consumers with cost-effective high quality home supplies products.

Notwithstanding the smaller scale of operation compared to our Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心), Xinji Dashi Home Furnishings Center (信基大石傢俬城) continues to provide a one-stop shopping experience to potential commercial and household consumers for office and home furnishings in Guangdong Province.

As of 31 December 2025, this shopping mall had a total operating area of approximately 22,605.15 sq.m., having 40 tenants selling various types of home supplies including office and home furniture and decorations, and approximately 38 advertising spaces.

For the FY2025, this shopping mall recorded an occupancy rate of 88.66% (2024: 86.03%).

Portfolio of Shopping Malls

(E) XINJI SHAXI HOME FURNISHINGS EXPO CENTER (SHENYANG) (瀋陽信基沙溪國際家居用品博覽中心)

Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心) is located at No. 57-1 Daoyibeida Street, Shenbeixin District, Shenyang City, Liaoning Province, PRC with a total GFA of approximately 114,911.16 sq.m.

Our Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心) is a mid-to-high-end well-known home furnishings wholesale market in the north of Shenyang City. The shopping mall commenced operation in October 2014. Leveraging on the rapid commercial and residential development in the Shenbeixin District, this shopping mall targets potential commercial and household consumers by offering a one-stop shopping experience for office and home furnishings in Northeast China.

It was awarded as the Integrity Model Shopping Mall (誠信示範商場) by the Liaoning Home Supplies Association* (遼寧省家居裝飾業商會) in March 2016 and as the Outstanding Mall (優秀商場) by the Liaoning Furniture Association* (遼寧省家俱協會) in December 2017.

As of 31 December 2025, it consisted of a total LFA of approximately 68,642.57 sq.m. of retail spaces, and approximately 211 advertising spaces and 581 car park spaces coupled with 152 tenants selling various types of home supplies including office and home furniture, decorations and materials for construction and renovation.

For the FY2025, this shopping mall recorded an occupancy rate of 68.8% (2024: 79.7%).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors of Xinji Shaxi Group Co., Ltd (together with its subsidiaries, the “**Group**”), I am pleased to present the results of the Group for the year ended 31 December 2025 (the “**FY2025**”). In 2025, the global economy grew slowly, while China's economy witnessed a stable start from the beginning of the year, maintaining its growth resilience amid fluctuations. Despite numerous challenges, through sustained policy support and market self-regulation, the Group gradually explored new development pathways and maintained stable operations in 2025.

RESULTS

During the year under review, operating conditions remained challenging. Although global GDP growth showed modest resilience in the first half of 2025, a slowdown was anticipated in the second half due to elevated trade barriers and persistent uncertainty, which continue to weigh on economic prospects.

For the FY2025, the Group's core net profit amounted to approximately RMB59.3 million (FY2024: RMB73.8 million), representing a decrease of approximately RMB14.5 million or 20% as compared with the FY2024. The Group's revenue for the FY2025 amounted to approximately RMB 215.2 million (FY2024: RMB254.8 million), representing a decrease of approximately RMB39.6 million as compared with the FY2024. Details of the Group's results and prospects are set out under the section of “Management Discussion and Analysis” in this annual report.

In conclusion, while the past year has posed challenges, and the general outlook for the business environment in which the Group operates will continue to be challenging, we are confident in our ability to adjust its operational strategies to address market changes.

To position ourselves for future success, the Group successfully bid for the lease of two properties at a final bidder price of RMB3,621,840 per month on 17 December 2025 for the continuing operation of Xinji Hotelex Hospitality Supplies Center. The lease of the two properties comprises the shops located on the land in Panyu District, Guangzhou City, the PRC with an independent valuation of market rent of the two properties in existing state of approximately RMB4,930,000 per month as at 30 September 2025. We believe that the revenue generated from this transaction shall contribute positively to the results of the Group in future. For details, please refer to

the Company's announcements dated 31 October 2025, 5 December 2025 and 24 December 2025, and Company's circular dated 17 November 2025. We will continue the strategic focus on deriving the revenue from the operating lease rental income and property management service of our Group's owned/leased portfolio shopping malls, and sustainability will position us well for future growth.

The Group will strive to expand the business of property management service and seek new business opportunities from time to time in order to broaden the source of income and diversify its business, thereby bringing sustainable and stable development to the Group in the interests of the Company and the Shareholders as a whole.

APPRECIATION

Looking back on this financial year, 2025 was a year full of challenges but we remain optimistic about the future, we are truly grateful to the professional management team to ensure the smooth operation of the business under such challenging and changing conditions. The Group will continue to evaluate development opportunities to strengthen our competitive advantage and market-leading position.

On behalf of the Board, I would like to extend my sincere gratitude to all suppliers, business partners and our shareholders for their support and patience in the past years. May I also salute our managers and dedicated staff at all levels for their invaluable contributions and diligent efforts during the year. Looking ahead, we are optimistic about the prospects for the Group as we navigate this evolving market landscape and we will continue to actively strengthen the foundation of our six main business lines and build brand synergy. With a clear strategic focus and a commitment to excellence, we are well-positioned to capitalize on emerging opportunities while ensuring resilience in the face of challenges.

We are confident that we will put in greater efforts to lead the Group forward in a prudent and sustainable manner relying on the active efforts of our staff and the strong support from all the stakeholders.

Cheung Hon Chuen

Chairman and Chief Executive Officer
30 March 2026

FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
RESULTS					
Revenue	215,231	254,789	273,372	298,423	297,429
Loss for the year	(27,768)	(162,123)	(80,267)	(167,430)	(205,576)
Attributable to:					
Owners of the Company	(27,685)	(162,314)	(79,989)	(168,706)	(207,496)
Non-controlling interests	(83)	191	(278)	1,276	1,920
Core net profit	59,266	73,776	82,782	94,890	95,563

ASSETS AND LIABILITIES

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	1,861,799	2,012,761	2,341,854	2,444,414	2,792,788
Current assets	797,466	652,396	592,426	386,769	367,324
Total assets	2,659,265	2,665,157	2,934,280	2,831,183	3,160,112
Current liabilities	851,973	552,011	448,298	340,321	317,415
Non-current liabilities	661,856	939,942	1,150,246	1,075,059	1,120,465
Total liabilities	1,513,829	1,491,953	1,598,544	1,415,380	1,437,880
Equity attributable to owners of the Company	1,147,379	1,175,064	1,337,787	1,417,626	1,720,413
Non-controlling interests	(1,943)	(1,860)	(2,051)	(1,823)	1,819
Total equity	1,145,436	1,173,204	1,335,736	1,415,803	1,722,232

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the audited annual results of the Group for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024. These annual results have been reviewed by the Audit Committee.

DIVIDEND

The Board does not recommend the payment of a final dividend for the FY2025. No interim dividend was paid or declared during FY2025 (2024: Nil).

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 15.5% to approximately RMB215.2 million for FY2025 as compared to approximately RMB254.8 million recorded for FY2024. Lower revenue for FY2025 as compared to FY2024 was mainly due to the expiration of the original lease of Xinji Hotelex Hospitality Supplies Center on 31 May 2026, and several renewal contracts in the FY2025 being financing lease contracts, as well as the reduction in rental income in other markets of the Group due to the introduction of leasing concession policies.

The table below sets forth the breakdown of the Group's revenue by business as indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Rental Income	153,531	71	188,613	74
Property Management Service	54,697	26	57,965	23
Sales of Goods	6,991	3	8,137	3
Others	12	–	74	–
Total	215,231	100	254,789	100

Management Discussion and Analysis

FINANCIAL REVIEW (cont'd)

Rental Income

Rental income is the revenue received by our Group from the tenants who signed lease contracts with us to run business at our Group's owned/leased portfolio shopping malls, accounted for approximately 71% of our total revenue during FY2025. During FY2025, our rental income decreased by approximately RMB35.1 million or approximately 18.6% to approximately RMB153.5 million (FY2024: RMB188.6 million). Such decrease was mainly due to the expiration of the original lease of Xinji Hotelex Hospitality Supplies Center on 31 May 2026, and several renewal contracts in the FY2025 being financing lease contracts, as well as a reduction in rental income in other markets of the Group due to the introduction of leasing concession policies.

Property Management Service

Revenue from our property management service is the management fees paid by our Group's tenants under the property management agreements. During FY2025, income from property management services decreased by approximately RMB3.3 million or approximately 5.6% to approximately RMB54.7 million (FY2024: RMB58.0 million). The decrease in revenue from property management service was mainly due to the lower occupancy rate of the Group's two shopping malls in Shenyang during the year.

Sales of Goods

Revenue from sales of goods is the revenue generated from sales of hospitality products and home furnishings through our online shopping mall. During FY2025, revenue from sales of goods decreased by approximately RMB1.1 million to approximately RMB7.0 million (FY2024: RMB8.1 million). Such decrease in revenue from sales of goods was mainly due to the decrease in revenue in the business-to-customer platform business of our Group.

Cost of Sales

During FY2025, the Group's cost of sales was approximately RMB43.1 million as compared to approximately RMB43.9 million for FY2024, representing a small change.

Fair Value Losses on Investment Properties

Our fair value losses on investment properties decreased by approximately RMB198.5 million to fair value losses of approximately RMB116.0 million for FY2025 (FY2024: fair value losses of RMB314.5 million). During FY2025, primarily due to (i) the improvement in the operating conditions of Xinji Shaxi Hospitality Supplies Expo Center following the delay in its renovation plan, and (ii) the narrowing of the decline in occupancy rates of two shopping malls in Shenyang compared with the previous year, the fair value losses on investment properties recognized by the Group in the FY2025 decreased compared with that in FY2024.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by approximately RMB1.6 million or 12.9% from approximately RMB12.3 million for FY2024 to approximately RMB10.7 million for FY2025. Such decrease was mainly due to the decrease in expenses related to selling and marketing for the Group during the FY2025.

Administrative Expenses

Our administrative expenses increased by approximately RMB1.0 million or 2.9% from approximately RMB35.5 million for FY2024 to approximately RMB36.5 million for FY2025. Such increase was mainly attributable to the higher labour costs resulting from salary adjustments for employees on certain projects.

Management Discussion and Analysis

FINANCIAL REVIEW *(cont'd)*

Other Income

Our other income decreased by approximately RMB2.1 million or 62.5% from approximately RMB3.4 million for FY2024 to approximately RMB1.3 million for FY2025. The decrease was primarily attributable to the receipt of land occupation compensation in FY2024 due to subway reconstruction, which was one-off and non-recurring in nature.

Operating Profit/Loss and Operating Profit/Loss Margin

As a result of the foregoing, our operating loss decreased by approximately RMB171.4 million from approximately RMB148.1 million for FY2024 to an operating profit of approximately RMB23.2 million for FY2025. Such turnaround from operating loss to operating profit was mainly due to the decrease in fair value loss on investment properties.

Finance Income

Our finance income for FY2025 was approximately RMB1.9 million, representing a decrease of approximately RMB1.1 million as compared to FY2024, mainly due to the decrease in bank interest rates.

Finance Expenses

Our finance expenses for FY2025 was approximately RMB48.3 million, representing a decrease of RMB8.1 million as compared to approximately RMB56.4 million for FY2024, mainly due to repayment of a portion of the bank loans and a reduction in loan interest rates during the year under review.

Net Finance Expenses

Net finance expenses for the FY2025 amounted to approximately RMB46.3 million as compared to approximately RMB53.3 million for the FY2024, which was mainly due to the repayment of a portion of the bank loans and a reduction in loan interest rates for the FY2025.

Loss for the Year

As a result of the foregoing, loss recorded by our Group decreased by approximately RMB134.4 million or 82.9% from loss of approximately RMB162.1 million for the FY2024 to loss of approximately RMB27.8 million for the FY2025. The decrease in the loss was mainly due to the decrease in fair value losses on investment properties held by the Group for the FY2025.

Core Net Profit

Our management believes core net profit will be useful for investors in evaluating the performance results of our underlying business across accounting periods by eliminating the effects of certain non-recurring items including the fair value changes on investment properties which are considered not indicative for evaluation of the actual performance of our business.

Our core net profit decreased by approximately RMB14.5 million or 19.7% from approximately RMB73.8 million for FY2024 to approximately RMB59.3 million for FY2025. The decrease was mainly due to the decrease of approximately RMB35.1 million in the revenue from the Group's property leasing for the FY2025.

Management Discussion and Analysis

FINANCIAL REVIEW (cont'd)

Core Net Profit (cont'd)

The following table sets forth the loss and the core net profit of the Group for the years indicated:

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year	(27,768)	(162,123)
Add:		
Fair value losses on investment properties	116,045	314,532
Income tax expense in relation to above reconciled items	(29,011)	(78,633)
Core net profit for the year	59,266	73,776
– Owners of the Company	59,349	73,585
– Non-controlling interests	(83)	191

USE OF NET PROCEEDS

References are made to (i) the Prospectus in relation to the proposed use of the net proceeds (the “**Net Proceeds**”) from the global offering of the Company; (ii) the announcement (the “**First Change in UOP Announcement**”) of the Company dated 6 July 2020 in relation to the change in use of the Net Proceeds and business update of the Group; (iii) the announcement (the “**Second Change in UOP Announcement**”, together with the First Change in UOP Announcement, the “**Announcements**”) of the Company dated 24 November 2021 in relation to the further change in the use of the Net Proceeds; and (iv) the annual reports of the Company for the years ended 31 December 2021, 2022, 2023 and 2024. For further details, please refer to the Announcements and annual reports published by the Company. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as those defined in the Announcements.

As at the date of the Second Change in UOP Announcement, the unutilised Net Proceeds amounted to approximately RMB133.3 million (including the outstanding Part Payment of RMB5.0 million to be returned by Guangzhou Chaoying to Guangzhou Shaxi International Hospitality Supplies City Company Limited* (廣州沙溪國際酒店用品城有限公司) (“**Guangzhou Shaxi Hotel**”) under the Guangzhou Project) (the “**Unutilised Net Proceeds**”). To enable the Group to better utilise the Net Proceeds, the Group decided to reduce the portion of the Unutilised Net Proceeds for developing new projects from 100% to approximately 47.5%. Accordingly, the Board resolved to further change the use of the Unutilised Net Proceeds as follows:

- (i) reallocating approximately 30.0% of the Unutilised Net Proceeds in the amount of approximately RMB40.0 million, which was originally allocated for the development of new projects, namely the Zhengzhou Project, Fuzhou Project and Guangzhou Project (the “**Specific Projects**”), to expand the depth and breadth of property management service in China;
- (ii) reallocating approximately 22.5% of the Unutilised Net Proceeds in the amount of approximately RMB30.0 million, which was originally allocated for the Specific Projects, to establish a vertical e-commerce platform for the hospitality supplies industry; and
- (iii) reallocating approximately 47.5% of the Unutilised Net Proceeds in the amount of approximately RMB63.3 million, which was originally allocated for the Specific Projects, to general development of new projects in relation to the hospitality supplies and home furnishing industries.

Management Discussion and Analysis

USE OF NET PROCEEDS (cont'd)

For the year ended 31 December 2025, details of the original allocation, the revised allocation of the Net Proceeds, as disclosed in the First Change in UOP Announcement, the further revised allocation of the Net Proceeds as disclosed in the Second Change in UOP Announcement and the expected timeframe for utilising the Unutilised Net Proceeds are as follows:

	Original Intended Amount (RMB million)	Revised allocation of the Net Proceeds as disclosed in the First Change in UOP Announcement (RMB million)	Further revised allocation of the Net Proceeds as disclosed in the Second Change in UOP Announcement (RMB million)	Unutilised amount as at 31 December 2024 (RMB million)	Utilised amount from 1 January 2025 to 31 December 2025 (RMB million)	Unutilised amount as of 31 December 2025 (RMB million)	Expected timeframe for full utilisation of the Unutilised Net Proceeds
(i) Repayment of the Group's bank borrowings for the construction cost and sales and marketing cost of its shopping malls	56.7	31.2	-	-	-	-	-
(ii) Development of new projects			63.3 ^(1&2)	63.3 ^(1&2)		63.3 ^(1&2)	till 2027
a) Chengdu Project	63.8	-	-	-	-	-	
b) Zhengzhou Project	40.8	22.5	N/A	N/A	-	N/A	
c) Fuzhou Project	55.9	30.8	N/A	N/A	-	N/A	
d) Guangzhou Project	-	80.0	-	-	-	-	
e) Other projects	-	-	N/A	N/A	-	N/A	
(iii) Expansion of Property Management Business	-	-	40.0	-	-	-	
(iv) Establishment of Vertical e-Commerce Platform for the Hospitality Supplies Industry	-	-	30.0	22.9	0.9	22.0	till 2027
(v) General working capital	-	27.2	-	-	-	-	-
Total	217.2	191.7	133.3	86.2	0.9	85.3	

Notes:

- (1) Including the outstanding Part Payment of RMB5.0 million to be returned by Guangzhou Chaoying to Guangzhou Shaxi Hotel under the Guangzhou Project. For details, please refer to the paragraph headed "Reasons for and Benefits of the Further Change in Use of Proceeds – Unwinding of the Guangzhou Project" in the Second Change in UOP Announcement.
- (2) This amount represents the portion of the Unutilised Net Proceeds which shall be used for the general development of new projects in relation to the hospitality supplies and home furnishing industries, and will not be earmarked for and allocated to any of the Zhengzhou Project, Fuzhou Project or other projects specifically.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalents

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB693.7 million (2024: RMB582.5 million), which are mainly denominated in Renminbi.

Borrowing and Charges on the Group's Assets

As at 31 December 2025, bank borrowings of RMB677.2 million (2024: RMB680.1 million) from Guangzhou Rural Commercial Bank Co., Ltd. South China Branch, bore floating interest ranging from 3.85% to 6.13% (2024: 4.43% to 6.06%) per annum, and bank borrowings of RMB153.2 million (2024: RMB133.3 million) from China Zheshang Bank Co., Ltd. Jiangmen Branch, bore fixed interest at 5.00% (2024: 5.90%) per annum, were secured by (1) the investment properties of the Group; and (2) personal guarantee from Mr. Cheung Hon Chuen, Mr. Mei Zuoting, Mr. Zhang Weixin, directors of the Company, and Ms. Huang Wanyi, a spouse of Mr. Zhang Weixin, and Ms. Cai Huanqi, a spouse of Mr. Mei Zuoting. The value of investment properties pledged as collateral for the Group's borrowings was approximately RMB810.2 million (2024: RMB859.6 million).

Details of the bank borrowings are set out in note 31 to the consolidated financial statements.

Gearing Ratio

The gearing ratio as at 31 December 2025, calculated on the basis of net debt over total capital, was 12% as compared with 20% as at 31 December 2024.

Net Current Assets/liabilities and Current Ratio

As at 31 December 2025, the Group had net current liabilities of RMB54.5 million as compared with net current assets of RMB100.4 million as at 31 December 2024. The current ratio was 0.94 as at 31 December 2025 (2024: 1.18).

Operating Lease Commitments

Details of operating lease commitments are set out in note 34 to the consolidated financial statements.

Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2025.

Foreign Exchange Risk

The Group operates mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than Renminbi, except that as at 31 December 2025, the Group had bank balance of RMB0.8 million denominated in Hong Kong dollars. If Renminbi had strengthened/weakened by 2% against Hong Kong dollars, the post-tax loss of the Group for the year ended 31 December 2025 would have been approximately RMB0.02 million higher/ lower (FY2024: RMB0.02 million).

Currently, the Group does not have any foreign currency hedging policy, but the management will monitor the foreign exchange exposure of the Group continuously.

Treasury Management

Our treasury management functions undertake the responsibility of cash management, liquidity planning and control, cost-effective capital provided to the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of all financial risks such as interest rates and foreign exchange. The design of our treasury management functions aims to coordinate with the Group's long-term and short-term demands and comply with the criteria of proper governance.

During the FY2025, there was no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES *(cont'd)*

Economic, Commercial and Other Risks

The Group may be exposed to the risk of negative developments in national and regional economies, property and financial markets. It may result in reductions in the rental rates and occupancy rates of properties, and demand for ancillary services and facilities it provides. It may also result in recession, inflation, deflation and currency fluctuations as well as restrictions in the availability of credit, increases in financing and other operating costs.

The Group may also be subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as ownership of assets and businesses, regulations related to development and operations, exchange controls, tax rules and employment legislation may impact the business of the Group.

Changes in the political environment in such territories may also affect the business of the Group. The management of the Group will keep abreast of the environment and policy changes and make the necessary adjustments in response to such changes, if any. Further steps taken by the Group to manage the financial risk will be set out in note 7 to the consolidated financial statement.

Human Resources

As at 31 December 2025, the total number of employees of the Group was approximately 259 (FY2024: 260), which represents no material change compared to that of 31 December 2024, the overall headcount of the

Company remained stable. As at 31 December 2025, the number of male and female employees were 178 and 81, respectively (accounted for 68% and 32% respectively). The employee benefit expenses for FY2025 including Directors' emoluments were approximately RMB37.3 million (FY2024: RMB36.8 million). The Group offers a comprehensive remuneration package which is reviewed by the management on a regular basis. The Group provides employees with competitive remuneration, including wages, subsidies, seniority wages, attendance awards, benefits and year-end awards. The Group establishes employee remuneration policy based on the general market environment and practices, employee responsibilities, and the Group's financial capabilities. The Group's Remuneration Management Policy is developed based on the position-level salary system, with the objective of establishing internal wage comparability between the various grades and categories. Under the position-level salary system, the Group refers to the salary level of enterprises of the same scale in the same industry, determines the salary of employees by the corresponding rank of the employed position in the salary system, and links the performance salary with the Group's income and performance results. The Group also invests in continuing education and training programmes for its management staff and other employees with a view to constantly upgrading their skills and knowledge. The Group values employees as our most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the customers.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishings which generate rental revenue in the PRC. Our business operations comprise six main business lines:

- (i) our shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings;
- (ii) subleasing apartments;
- (iii) property management projects;
- (iv) managed shopping malls;
- (v) our online shopping mall for sales of hospitality supplies and home furnishings; and
- (vi) our exhibition management business.

The Group's revenue is mainly derived from the operating lease rental income and revenue generated from property management service of our Group's owned/leased portfolio shopping malls.

Business Segment Review

Shopping Malls

We have five shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings.

Shopping Malls for Hospitality Supplies

- (1) Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)
- (2) Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)
- (3) Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)

Shopping Malls for Home Furnishings

- (4) Xinji Dashi Home Furnishings Center (信基大石傢俬城)
- (5) Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)

Subleasing Apartments

Reference is made to the announcement of the Company dated 23 December 2021. On 23 December 2021, Guangzhou Xinji Yuzheng Commerce Operation Management Co., Ltd* (廣州信基譽正商業運營管理有限公司) ("**Xinji Yuzheng**"), an indirect wholly-owned subsidiary of the Company, and Guangzhou Longmei Dongman Technology Co., Ltd* (廣州龍美動漫科技有限公司) ("**Longmei Dongman**") entered into a sublease agreement pursuant to which Xinji Yuzheng agreed to sublease Building C1 and C2, Zone C, Xinji Longmei International Animation Industrial Park, Longmei Village, Panyu Avenue, Panyu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市番禺區番禺大道龍美村信基龍美國際動漫產業園C區C1及C2大廈) with a total GFA of approximately 34,394 sq.m. together with the 237 underground car parking spaces known as Yuanyang Bangshe* (遠洋邦舍) from Longmei Dongman for a term of approximately 14.4 years commencing from 11 January 2022 and expiring on 31 May 2036 (both days inclusive) at the consideration of approximately RMB153.8 million.

On 23 December 2021, Xinji Yuzheng and Beijing Bangshe Gongyu Management Co., Ltd. Guangzhou Branch* (北京邦舍公寓管理有限公司廣州分公司) ("**Bangshe Gongyu Guangzhou**") entered into a sub-sublease agreement pursuant to which Xinji Yuzheng agreed to sub-sublease Yuanyang Bangshe* (遠洋邦舍) to Bangshe Gongyu Guangzhou for a term of 10 years commencing from 11 January 2022 and expiring on 10 January 2032 (both days inclusive) at the total consideration of approximately RMB170.9 million.

Management Discussion and Analysis

BUSINESS REVIEW (cont'd)

Business Segment Review (cont'd)

Property Management Projects

In June 2022, the Group has completed the acquisitions of Guangzhou Xinji Youxiang Property Co., Ltd.* (廣州信基優享物業有限公司) (“**Guangzhou Youxiang**”) and Foshan Xinji Youxiang Commercial Service Co., Ltd.* (佛山信基優享商業服務有限公司) (“**Foshan Youxiang**”), which are principally engaged in the provision of property management service for commercial complex. The property projects currently under the management of Guangzhou Youxiang and Foshan Youxiang include (i) the Xiajiao project (廈滯項目), which comprised of the premises known as Xinji Plaza Hall A* (信基廣場A館) and Xiajiao Commercial Building* (廈滯商業大廈); (ii) the Shangjiao Comprehensive Building Project (上澗綜合樓項目), which comprised of the premises known as Shangjiao Comprehensive Building* (上澗綜合樓); (iii) the Yuedao Project (玥島項目); (iv) the Longmei Project (龍美項目), which comprised of the premises known as Lingxiu Mansion* (領秀公館); and (v) the Xinji Plaza Project (信基廣場項目), which comprised of the premises known as Foshan Jiujiang Xinji Plaza* (佛山九江信基廣場).

The following table sets forth the income from property leasing and property management service respectively for the three abovementioned business segments (shopping malls, subleasing apartments and property management projects) by region during the years indicated:

	Property leasing income		Property management service income	
	For the year ended 31 December		For the year ended 31 December	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou region	143,162	174,756	33,379	33,394
Foshan region	–	–	9,303	8,966
Shenyang region	10,369	14,137	12,015	15,325

Management Discussion and Analysis

BUSINESS REVIEW (cont'd)

Business Segment Review (cont'd)

Managed Shopping Mall

In this segment, we provide shopping mall operation services to other shopping mall owners. Under this business model, we would be responsible for managing the marketing and daily operations of the shopping malls, while the shopping mall owners would be responsible for bearing all the operating expenses of the shopping malls and paying us a brand licencing fee and operation management fee. Our operation management fee would be determined with reference to the length of operation and the rental income of the relevant shopping malls.

Xinji Shaxi Yuetang International Hotel Supplies Trading Exhibition Center (信基沙溪 • 岳塘國際酒店用品交易展示中心)

In October 2018, we entered into a cooperation agreement with Hunan Hongyue Commercial Management Company Limited* (湖南省泓岳商業管理有限公司), an independent third party. Pursuant to the cooperation agreement, the Group agreed to act as the shopping mall manager of a planned hospitality supplies shopping mall located in Yuetang International Trade City* (岳塘國際商貿城), a commercial complex developed by Hunan Hongyue Commercial Management Company Limited at No. 88 Hetang Section, Furong Avenue, Yuetang District, Xiangtan City, Hunan Province, the PRC. It is expected that this shopping mall would have a total operating area of approximately 120,000 sq.m. and could accommodate a maximum of 400 tenants. It is the first managed hospitality supplies shopping mall of the Group.

We are still negotiating with the landlord in relation to the specific opening time of the shopping mall. As at the Latest Practicable Date, there is no concrete schedule.

Online Shopping Mall

During the FY2025, our online shopping mall generated revenue of approximately RMB8.2 million for the sales of goods (FY2024: RMB8.1 million). The goods sold by the Group were entirely hospitality goods and home furnishings. The operating profit margin of the online shopping mall during the FY2025 was approximately 7% (FY2024: 9%).

Exhibition Management Business

We provided exhibition management services for the China Hospitality Expo (華南酒店業博覽會) ("CHE") in the PRC annually. CHE was considered as the major managed exhibition of the Group. CHE provides a one-stop trade platform for global hospitality supplies providers and purchasers to broaden their sale and purchase channels.

Because of the continuous impact of the global outbreak of COVID-19 pandemic in 2020, the Company has already suspended the organisation of exhibitions for CHE since 2020 and no revenue was generated from CHE.

Very substantial acquisition - Successful Bid for the Lease of the Properties

The land use rights lease agreement dated 11 November 2004 (as amended and supplemented by supplemental agreements dated 28 September 2007, 15 June 2010 and 26 August 2010) entered into between the Guangzhou City Panyu District Luopu Street Shangjiao Village Shareholding Economic Cooperatives* (廣州市番禺區洛浦街上漱村股份合作經濟社) ("SVSEC") and Guangzhou Wanhua Hospitality Supplies City Company Limited* (廣州萬華酒店用品城有限公司), being an indirect wholly-owned subsidiary of the Company, in relation to the land on which Xinji Hotelex Hospitality Supplies Center is located will expire on 31 May 2026.

In order to continue the operation of Xinji Hotelex Hospitality Supplies Center through (i) the shops situated on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區洛浦街上漱村迎賓路101號) and (ii) the shops situated on the land at 2 Shangjiao Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區上漱大街2號) (collectively, the "Properties"), the Group intended to bid at the relevant bidding process in respect of a lease of the Properties.

In accordance with HKFRS 16 "Leases", the entering into of the Lease Agreement (as defined below) as lessee requires the Group to recognise the Properties as a right-of-use asset on its consolidated statement of financial position, thus the Lease Agreement and the transactions contemplated thereunder would be regarded as an acquisition of asset by the Group under the Listing Rules. At the material time, assuming that the unaudited value of the right-of-use asset to be recognised by the Group pursuant to HKFRS 16 in respect of the possible lease was approximately RMB840,544,000 as determined by

Management Discussion and Analysis

the valuer based on the Maximum Bid Price (as defined below), as one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the possible lease would exceed 100%, the possible lease, if materialised, would constitute a very substantial acquisition on the part of the Company and was therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. If the Group was the successful bidder, it would enter into the Lease Agreement shortly after the public announcement of the bidding process results and would not have sufficient time to seek the approval of the Shareholders that was required under Chapter 14 of the Listing Rules. Accordingly, the Directors proposed to seek the Shareholders' prior approval for the grant of the mandate.

At the extraordinary general meeting of the Company held on 5 December 2025, the Shareholders approved the grant of the mandate to the Directors to appoint a person to bid on behalf of any PRC subsidiary of the Company at the relevant bidding process at or above the reserve price of RMB3,621,840 per month but not exceed an amount equivalent to 5% above the valuation of the Properties as assessed by the valuer (the "**Maximum Bid Price**").

On 31 December 2025, the Group (as the successful bidder) entered into a lease agreement with the SVSEC (the "**Lease Agreement**") for the lease of the Properties for a term of 20 years at the reserve price. The independent valuation of market rent of the Properties in existing state was approximately RMB4,930,000 per month as at 30 September 2025.

The Directors believe that the revenue generated from this transaction shall contribute positively to the results of the Group in future. For details, please refer to the Company's announcements dated 31 October 2025, 5 December 2025 and 24 December 2025 and the Company's circular dated 17 November 2025.

FUTURE PROSPECTS

The macroeconomic environment is expected to remain uncertain, with potential risks from China's property sector, US trade policy, and global volatility. Nevertheless, our objective of exploring the new local markets remains unchanged.

Looking ahead, the Board maintains a prudent yet optimistic look for the Group's six main business lines in the long term. The Group is dedicated to allocating resources for its development while actively pursuing new opportunities.

The Board will continue to closely monitor the global economies development, formulate strategies and plans to utilise its resources effectively and capture viable business opportunities to maintain sustainable long-term growth of the Group. To ensure long-term sustainability, the Company will adopt a cautious approach and remain vigilant against potential risks. It will closely monitor its working capital management, while staying attentive to operational developments.

We will maintain a model of rapid development of light asset projects featured by "Brand Export, Management Export, and Cooperative Operation", while establishing a vertical e-commerce platform for the hospitality supplies industry and expanding the online shopping mall business, thereby further expanding the market share and brand influence of the Group. We will focus on the platform sharing concept of "Industrial Alliance and Collective Development", enhancing the brand stickiness along with the development of the industry. Our aim is to maintain our market leadership status, to continue our reputation for premium quality, and consequently to deliver consistently steady returns for investors. Meanwhile, the Group will continue to expand the business of property management service (especially through the acquisition and merger of mature property management service projects), with an aim to increase the stable cash flow of the Group, so as to advance the interests of the Company and its Shareholders, which will bring sustainable and stable development to the Group.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Below are the brief profiles of the Directors and senior management of the Group in FY2025 and up to the Latest Practicable Date.

DIRECTORS

The Board currently comprises nine Directors, of which three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The following table sets forth information regarding the Directors:

Name	Age	Position	Date of Appointment as Director/Alternate Director
Mr. Cheung Hon Chuen	60	Chairman of the Board, Executive Director, Chief Executive Officer	27 July 2018
Mr. Mei Zuoting	71	Executive Director	11 March 2019
Mr. Zhang Weixin	62	Executive Director	11 March 2019
Mr. Zhang Weiquan	56	Alternate Director to Mr. Cheung Hon Chuen	29 August 2025
Mr. Mei Jiawei	44	Alternate Director to Mr. Mei Zuoting	29 August 2025
Mr. Zhang Jiajian	30	Alternate Director to Mr. Zhang Weixin	29 August 2025
Mr. Lin Lie	31	Non-executive Director	1 March 2020
Ms. Wang Yixue	40	Non-executive Director	26 March 2021
Mr. Zhao Hui	47	Non-executive Director	1 November 2024
Dr. Zeng Zhaowu	61	Independent non-executive Director	15 June 2021
Mr. Tan Michael Zhen Shan	49	Independent non-executive Director	3 October 2019
Dr. Zheng Decheng	73	Independent non-executive Director	3 October 2019

EXECUTIVE DIRECTORS

Mr. Cheung Hon Chuen (張漢泉), aged 60, has been an executive Director since 2018. He is also the chairman of the Board and the chief executive officer of our Group as well as the chairman of the nomination committee of the Board and a member of the remuneration committee of the Board. He is primarily responsible for formulating strategic direction and overseeing the management and business operation of our Group. He is one of the founders of our Group, one of our Controlling Shareholders, and the president of each of our operating subsidiaries in the PRC since their respective date of incorporation. Mr. Cheung's alternate, Mr. Zhang Weiquan, is his brother.

Mr. Cheung is the industry leader and industry development vane for China hospitality supplies industry. In 2006, he established the Guangdong Hotel Supplies Industry Association* (廣東省酒店用品行業協會) and was the chairman of the association from June 2006 to February 2013. He further established CHSA in June 2013 and had been the chairman of CHSA until stepping down in January 2026. CHSA is a state-level industrial association of companies in hospitality supplies industry authorised by the Ministry of Civil Affairs of the PRC (中華人民共和國民政部). Currently, it has over 2,000 members in China.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(cont'd)*

Mr. Mei Zuoting (梅佐挺), aged 71, has been an executive Director since 2019. He is primarily responsible for overseeing the management and business operation of our Group. He is one of the founders of our Group and one of our Controlling Shareholders. Mr. Mei's alternate, Mr. Mei Jiawei, is his son.

Mr. Zhang Weixin (張偉新), aged 62, has been an executive Director since 2019. He is primarily responsible for overseeing the management and business operation of our Group. He is one of the founders of our Group and one of our Controlling Shareholders. Mr. Zhang's alternate, Mr. Zhang Jiajian, is his son.

Mr. Mei obtained a diploma of Master of Business Administration (long distance course) from University of Northern Virginia (non-accredited) in the United States in June 2009.

Mr. Zhang has been a director and a vice president of Xinji Company since November 1998, mainly responsible for assisting the president in managing the operation of the Xinji Group.

Mr. Zhang is affiliated with several organisations in the PRC, including the position being set forth in the following table:

Year	Name of Organisation	Position
2013	Chamber of Commerce of Luopu Street of Panyu in Guangzhou* (廣州市番禺區洛浦街商會)	Vice president of the 3rd council

NON-EXECUTIVE DIRECTORS

Mr. Lin Lie (林烈), aged 31, has served as a non-executive Director since 1 March 2020. He is primarily responsible for formulating strategic direction and development plan of our Group. He has solid experience in global investment management. Since 2017, Mr. Lin has been the president of Crescendo Greater China Limited, a company which he founded and is licensed by the Securities and Futures

Commission to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities, and the executive director of Avant Investment (HK) Limited, a global investment management company.

Mr. Lin obtained his bachelor's degree in finance from the University of San Francisco in 2016 and he obtained his doctorate degree in business administration from the Hong Kong Polytechnic University in 2024.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS (cont'd)

Ms. Wang Yixue (王藝雪), aged 40, was appointed as a non-executive Director on 26 March 2021 and as a member of the Nomination Committee on 29 August 2025. She is primarily responsible for formulating strategic direction and development plan of our Group. She has solid experience in corporate financing and management in the PRC. During the period from February 2005 to May 2017, Ms. Wang was a regional general manager at Zhongmin Weishi Tea Co., Ltd.* (中閩魏氏茶業股份有限公司), where she was primarily responsible for market development, staff recruitment and training and customer relations management. Since May 2017, she has been the assistant to chairman at Shanghai Shenglong Investment Group Co., Ltd.* (上海升龍投資集團有限公司), where she has been primarily responsible for the day-to-day management of the financing division of the company.

In January 2023, she obtained a professional diploma in finance from Fujian Agriculture and Forestry University via a correspondence course.

Mr. Zhao Hui (趙暉), aged 47, was appointed as a non-executive Director on 1 November 2024.

He has over 20 years of experience in auditing and financing. Prior to joining our Group, during the period 2002 to 2009, he worked at PricewaterhouseCoopers Zhongtian Co., Ltd. Guangzhou Branch (普華永道中天會計師事務所有限公司廣州分所) (now known as PricewaterhouseCoopers Zhongtian LLP, Guangzhou Branch (普華永道中天會計師事務所(特殊普通合夥)廣州分所)) with his last position served as the deputy manager of the audit department, where he was mainly responsible for auditing projects. From 2009 to 2012, he worked at Guangzhou Tuo'ou Consulting Co., Ltd. (廣州拓歐諮詢有限公司), a company principally engaged in international economics information consulting, scientific

and technological information consulting, management consulting and marketing planning, where he served as the financing director mainly responsible for financing affairs. From 2012 to 2014, he worked at Guangzhou Huiqin Investment Consulting Co., Ltd. (廣州匯勤投資諮詢有限公司), where he served as a partner mainly engaged in investment and financing projects. From 2015 to 2020, he worked at PricewaterhouseCoopers Zhongtian LLP, Guangzhou Branch (普華永道中天會計師事務所(特殊普通合夥)廣州分所) with his last position served as the senior manager of the audit department, where he was mainly responsible for auditing projects. From 2020 to 2021, he worked at Dexin Services Group Limited, where he served as the chief financial officer mainly responsible for the operation of financial affairs and promotion of the strategic business objectives of the group. From October 2021, he worked at Guangzhou Huiqin Investment Consulting Co., Ltd. (廣州匯勤投資諮詢有限公司), where he served as a partner mainly engaged in investment and financing projects.

Mr. Zhao obtained his bachelor's degrees in resources and environment zoning and management and accounting from Sun Yat-sen University (中山大學) in the PRC in 2001 and 2002, respectively. Mr. Zhao was conferred the intermediate accountant (中級會計師) by Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in 2011, the certified public accountant (註冊會計師) by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in 2014 and the certified internal auditor (國際註冊內部審計師) authorised by the Institute of Internal Auditors (國際內部審計師協會) and issued by the China Institute of Internal Audit (中國內部審計協會) in 2013.

Since July 2025, Mr. Zhao has also been appointed as an independent non-executive director of Rainmed Medical Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2297).

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Zeng Zhaowu (曾昭武), aged 61, has been appointed as an independent non-executive director, the chairman of our audit committee and remuneration committee, and a member of our nomination committee with effect from 15 June 2021. Dr. Zeng is primarily responsible for overseeing and providing independent judgement to the Board. Dr. Zeng has over 30 years of experience in the finance and treasury industry. He graduated from Lingnan College of Sun Yat-sen University in the PRC with an undergraduate degree and a master's degree, and obtained his PhD degree in finance and investment from the Business School of Sun Yat-sen University in 2003. Dr. Zeng was the deputy director of the Development Promotion Bureau of Guangdong Financial High-tech Service Zone* (廣東金融高新技術服務區發展促進局), a researcher at the Center for Financial and Industrial Development of Peking University, a researcher at the Financial Investment Research Center of Sun Yat-sen University, an MBA instructor at the Business School of Sun Yat-sen University, a visiting professor at the Foshan University and Guangdong University of Foreign Studies, and a member of the evaluation committee of the Guangzhou Returned Talents Entrepreneurship Project* (廣州歸國人才創業項目). He has solid theoretical background knowledge and extensive practical and management experience in the corporate management and financial markets such as securities, futures, foreign exchange, etc.

Dr. Zeng was a member of the National Futures Association (NFA), the business director of Guangdong International Trust and Investment Company* (廣東省國際信託投資公司), the vice president of Guangzhou Securities Company Limited, and the director of Foshan Finance Bureau* (佛山市金融局). He also served as the director of the office of the Foshan Postdoctoral Work Management Committee* (佛山市博士後工作管理委員會辦公室主任). He has written for the financial column in newspapers and magazines for years and published a number of books and articles, including a book on corporate financing titled Equity Refinancing of Listed Companies (《上市公司股權再融資》) (2004).

Mr. Tan Michael Zhen Shan (譚鎮山), aged 49, has been an independent non-executive Director since 2019 and was appointed as a member of the Nomination Committee on 29 August 2025. He is primarily responsible for supervising and providing independent judgment to our Board. He is also a member of our audit committee.

Mr. Tan has approximately 25 years of experience in finance and accounting. He was an independent non-executive director of Zhicheng Technology Group Ltd. (currently known as Min Fu International Holding Limited), a smart manufacturing solutions provider focusing on precision 3D testing solutions and precision machining solutions in the PRC, whose shares are listed on GEM of the Stock Exchange (stock code: 8511), from March 2018 to January 2022.

Mr. Tan graduated with a Bachelor of International Accounting degree from Sun Yat-sen University in the PRC in 1998. He further obtained a Master of Commerce (Accounting with Commercial Law) degree from the University of Sydney in 2001. Mr. Tan has been a certified practicing accountant of CPA Australia since 2004, and is currently a member of the Hong Kong Institute of Certified Public Accountants.

Dr. Zheng Decheng (鄭德理), aged 73, has been an independent non-executive Director since 2019. He is primarily responsible for supervising and providing independent judgment to our Board. He is also a member of our audit committee, remuneration committee and nomination committee.

Dr. Zheng has approximately 27 years of experience in finance.

* for identification purpose only

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

(cont'd)

He is currently the independent director of CanSemi Technology Inc.* (廣州粵芯半導體股份有限責任公司) and Guangzhou Hangrun Aero-tech Co.,Ltd* (廣州航潤技術集團股份有限公司), respectively. In addition, in the past three years, he was the independent director of Shenzhen Universe (Group) Co., Ltd.* (深圳市天地(集團)股份有限公司) (Shenzhen stock code: 000023), Guangdong Haomei New Materials Co., Ltd.* (廣東豪美新材股份有限公司) (Shenzhen stock code: 002988) and Yuekai Securities Co., Ltd.* (粵開證券股份有限公司) (whose shares are listed on the NEEQ, stock code: 830899), respectively.

Dr. Zheng obtained a Bachelor of Economics degree in 1982 and a Master of Economics degree in 1984 from Sun Yat-sen University in the PRC. He further obtained a Doctor degree of Philosophy from the George Washington University in the United States in 1994.

Dr. Zheng was qualified as the senior economist accredited by Guangzhou Municipal Human Resources and Social Security Bureau in 2003. He obtained the qualification of being an independent non-executive director granted by the Shanghai Stock Exchange in 2018 and the qualification of being senior management of listed companies granted by the Shenzhen Stock Exchange in 2010.

ALTERNATE DIRECTORS

Mr. Zhang Weiquan (張偉泉), aged 56, was appointed as an alternate Director to Mr. Cheung Hon Chuen on 29 August 2025. He has approximately 10 years of experience in investment management. He has served as an executive director and manager of Foshan Shunde Yuxing Trading Co., Ltd.* (佛山市順德區禹興貿易有限公司) since 2016, mainly responsible for strategic investment planning of the company.

Mr. Zhang Weiquan is the brother of Mr. Cheung Hon Chuen, who is the Chairman of the Board, the Chief Executive Officer, an executive Director and a Controlling Shareholder.

Mr. Mei Jiawei (梅嘉煒), aged 44, was appointed as an alternate Director to Mr. Mei Zuoting on 29 August 2025. He has approximately 14 years of experience in real estate and asset investment and financing. From 2007 to 2010, he worked at China Aoyuan Group Co., Ltd.* (中國奧園集團股份有限公司), with his last position as deputy director of the investment and financing department. From 2010 to 2012, he worked at Yuehai Real Estate Development (China) Co., Ltd.* (粵海房地產開發(中國)有限公司), with his last position as deputy director of the investment development center. From 2015 to 2019, he was an executive director and general manager of Guangzhou Qixiong Technology Co., Ltd.* (廣州七雄科技有限公司). Since 2019, he served as the vice president of Guangzhou Xinji Investment Development Co., Ltd.* (廣州信基投資發展有限公司), primarily in charge of debt investment management as well as asset mergers and acquisitions. Mr. Mei Jiawei received a bachelor's degree in economics from the State University of New York in 2006.

Mr. Mei Jiawei is the son of Mr. Mei Zuoting, who is an executive Director and a Controlling Shareholder.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

ALTERNATE DIRECTORS *(cont'd)*

Mr. Zhang Jiajian (張嘉健), aged 30, was appointed as an alternate Director to Mr. Zhang Weixin on 29 August 2025. He was also appointed as a director, manager and legal representative of various operating subsidiaries of the Company in the PRC since March and April 2026. He worked in audit department and government affairs department at PricewaterhouseCoopers Zhong Tian LLP Guangzhou office (普華永道中天會計師事務所廣州分所) from October 2022 to February 2025, with his last position as an audit consultant. Since February 2025, he has also been a general manager of Huizhuo Commercial Operations (Guangzhou) Co., Ltd.* (匯卓商業運營(廣州)有限公司) and an executive director and financial controller of Foshan Yuefanshun Trading Co., Ltd.* (佛山悅番順貿易有限公司), responsible for strategic planning and day-to-day management of the companies. Mr. Zhang Jiajian received a degree of Bachelor of Arts in Global Studies from the University of California, Santa Barbara in 2020 and a degree of Master of Science in Business Management from Hong Kong Baptist University in 2022.

Mr. Zhang Jiajian is the son of Mr. Zhang Weixin, who is an executive Director and a Controlling Shareholder.

SENIOR MANAGEMENT

Mr. Gu Weibin (古偉斌), aged 50, joined our Group in 2018 as the assistant of the president and the general manager of the investment development centre and the strategy operation centre of our Company. He is primarily responsible for managing the investment development centre and the strategy operation centre of our Company. Mr. Gu has approximately 21 years of experience in property development and management of shopping malls, hotels and properties.

Mr. Gu graduated from Shanghai University in the PRC with a Bachelor of Advertising degree in the PRC in 1998. In addition, Mr. Gu completed and obtained a certificate for an Chairman's Course of Equity Investment and Thinking Innovation* (股權投資與思維創新董事長班學習課程) at the Sun Yat-sen University in the PRC from 2017 to 2019.

Mr. Hong Zongwen (洪宗文), aged 51, joined our Group since 2016 as the general manager of Guangzhou Shaxi. He was appointed as the general manager of the commercial operation centre of our Company in 2018 and is primarily responsible for the general management of the commercial operation centre of our Company.

Mr. Hong has approximately 21 years of experience in property management.

Mr. Hong completed a MBA course from Sun Yat-sen University in the PRC in 2010.

Mr. Jiang Dezhi (江德志), aged 41, joined our Group since 2018 as the legal director of our Company. He was appointed as the legal general manager of the legal management centre in 2022 and is primarily responsible for managing the legal management centre of our Company. Mr. Jiang obtained a Master of International Law degree from Guangdong University of Foreign Studies (廣東外語外貿大學) in 2010. He was subsequently qualified as a lawyer in the PRC in 2012 and has 15 years of experience in the fields of civil and commercial cases, corporate governance and finance.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the CG Code set out in Appendix C1 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

CORPORATE CULTURE

The Group's corporate culture is built upon its purpose, corporate vision, corporate mission, and values. With an enterprising spirit, we are committed to cultivating a positive and collaborative management philosophy, while encouraging progress. This corporate culture fosters a cohesive force, characterized by a consistent and cohesive working attitude and brand image, and a positive, hard-working spirit. We are dedicated to the establishment of a better company. The Group actively aligns its corporate culture with the Group's core values and vision in order to realize its long-term strategy and create sustainable value for its shareholders and other stakeholders. At the same time, the Group is committed to ensuring that its business is conducted in accordance with high ethical standards of business and corporate governance, as well as legally, ethically and responsibly.

OUR MISSION, VISION AND VALUE

Mission – To Lead the Hospitality Supplies Industry and Create a Better Life

We are committed to promoting the development of the hospitality supplies industry, fostering the development of the hotel industry, catering industry and tourism industry, and providing customers with a more comfortable, greener and quality life experience supported by humane sentiments, together creating a better future.

Vision – To Become a Global Hospitality Supplies Industry Operator

We are committed to building a leading brand in the global hospitality supplies industry, leading the development of China's hospitality supplies industry, and ultimately developing into a global hospitality supplies industry operator.

Corporate Value – To Build an Industrial Development Platform and Share Development Dividends to Achieve a Win-Win Situation

We are devoted to the establishment of an industrial development platform, and share the dividends of Xinji Shaxi's global strategic layout. Through collaboration with partners, we aim to incubate century-old enterprise brands, achieve win-win situations, and make contributions to society.

CULTURE CONSTRUCTION

Director's Leadership Role

Directors take a leadership role in promoting the Group's desired corporate culture and ensuring that it is consistently reflected in the Group's policies and operations. The Directors shall uphold the corporate culture to more effectively guarantee that it is in line with the Group's vision, mission, core values and strategy.

The Board will continue to nurture the corporate culture by being transparent and insightful in the implementation of cultural activities, and by instilling the Group's core values throughout all levels of the workforce. In order to achieve this, the Group's corporate culture and code of conduct are clearly communicated to employees through induction training and refresher training, which are also freely available on the Group's intranet. Cultural indicators are also included in staff performance appraisals to promote the desired culture.

Corporate Governance Report

CULTURE CONSTRUCTION *(cont'd)*

Governance

The Group believes that strong governance is the foundation for achieving its strategic goal of long-term stability and sustainable performance. The Board and management are at the heart of the Group's governance structure and are committed to assisting the Group in strengthening its well-established vision, mission and core values, as well as its profound culture and corporate governance tradition of civic responsibility, leadership, sustainability and accountability.

Effective Communication

New joiners are introduced to the Company's tradition, corporate culture and vision, mission and corporate value during the on-board orientation on their first day with the Company. Through the e-learning platform, employees receive regular training on a variety of topics, ranging from leadership, personal competencies, industry knowledge to compliance, to build the skills necessary to integrate our core values into our business. In order to promote a culture of open communication and active participation among our staff, we have established an internal staff communication platform to provide the latest company news, promotional messages, internal activities and company information. The platform is also a key channel for communicating, understanding and implementing the core values. We regularly collect feedback from our employees through formal and informal channels, including performance appraisal meetings, exit interviews and daily conversations, with the aim of formulating initiatives and programs to create a better working environment and to promote the development of the Company in the coming years. Our management team works collaboratively and deepens its insights into our corporate culture.

Corporate Governance Practices

During FY2025, the Company has complied with the principles and the applicable code provisions as set out in Part 2 of the CG Code^(note) contained in Appendix C1 to the Listing Rules other than code provision C.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Cheung Hon Chuen is one of our founders, chairman of the Board and chief executive officer of the Company. As the industry leader of the hospitality supplies industry in China, Mr. Cheung has extensive experience in hospitality supplies industry and he is responsible for formulating strategic direction and overseeing the management and business operation of our Group. As Mr. Cheung is key to the Group's development, the Board considers that vesting the roles of chairman and chief executive officer in Mr. Cheung would not create any potential harm to the interest of our Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management and our Board, which are comprised of experienced individuals, effectively oversees and balances the power and authority of Mr. Cheung, as both the chairman and chief executive officer of the Company. In addition, the balance of power is further ensured by the following reasons:

- the Audit Committee is comprised of all independent non-executive Directors; and
- the independent non-executive Directors have free and direct access to the Company's external auditor and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Cheung, and believes that his appointment to the positions of chairman and chief executive officer is beneficial to the business prospects of the Company.

Corporate Governance Report

BOARD OF DIRECTORS

The Board is responsible for leadership and the internal control of the Company and overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and is conducting the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Company, who implements the strategy and direction as determined by the Board.

The Board currently consists of nine Directors, namely Mr. Cheung Hon Chuen (張漢泉) (chairman of the Board and Chief Executive Officer), Mr. Mei Zuoting (梅佐挺) and Mr. Zhang Weixin (張偉新) as executive Directors, Mr. Lin Lie (林烈), Ms. Wang Yixue (王藝雪) and Mr. Zhao Hui (趙暉) as non-executive Directors, Dr. Zeng Zhaowu (曾昭武), Mr. Tan Michael Zhen Shan (譚鎮山) and Dr. Zheng Decheng (鄭德理) as independent non-executive Directors. During the year ended 31 December 2025, three alternate Directors were appointed, details of which are as follows:

- Mr. Zhang Weiquan was appointed as an alternate Director to Mr. Cheung Hon Chuen, who is the Chairman of the Board, Chief Executive Officer, an executive Director and a Controlling Shareholder, with effect from 29 August 2025.
- Mr. Mei Jiawei was appointed as an alternate Director to Mr. Mei Zuoting, who is an executive Director and a Controlling Shareholder, with effect from 29 August 2025.
- Mr. Zhang Jijian was appointed as an alternate Director to Mr. Zhang Weixin, who is an executive Director and a Controlling Shareholder, with effect from 29 August 2025.

Save as disclosed in this annual report, none of the Directors has any relationship (including financial, family or other material/relevant relationship) with each other. The Board has a balanced composition of executive and non-executive Directors (currently include three executive Directors, three non-executive Directors and three independent non-executive Directors). The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Board aims to maintain at least the current level of female representation. As regards Board's succession, the Company may engage independent professional search firm(s) to help identify potential candidates to achieve gender diversity as and when appropriate. We will continue to strive to enhance

female representation and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices.

The biographies of the Directors of the Company are set out on in the section of "Board of Directors and Senior Management" of this annual report. The list of Directors and their roles and function is also disclosed on the websites of the Company and the Stock Exchange.

Each of the executive Directors has entered into a service agreement with the Company. Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years. They are all subject to retirement by rotation at an annual general meeting at least once every three years.

These service agreements and letters of appointments are subject to termination in accordance with their respective terms. The term of the service agreements and the letters of appointment may be renewed in accordance with their respective terms, the Articles, the Listing Rules and other applicable laws.

In accordance with the Articles, all the Directors are subject to retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors for FY2025 was approximately RMB2.7 million (FY2025: RMB2.5 million).

The remuneration of the Directors is determined with reference to, among other things, salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors and senior management for FY2025 are set out in note 14 to the consolidated financial statements.

Corporate Governance Report

BOARD OF DIRECTORS *(cont'd)*

The Company has arranged appropriate insurance cover in respect of legal proceedings against the Directors of the Company. As of the date of this annual report, no claim has been made since the policy came into effect.

The Board has agreed to the procedures as set out in the code provision C.5.6 of the CG Code to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense.

During the FY2025 and up to the Latest Practicable Date, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, of whom Dr. Zeng Zhaowu (曾昭武), Mr. Tan Michael Zhen Shan (譚鎮山) and Dr. Zheng Decheng (鄭德理) are the Directors possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Confirmation of Independence

All independent non-executive Directors have met all the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. Having considered that (i) the Company has received from each of them an annual written confirmation of his independence; (ii) they were not involved in the daily management of the business; and (iii) there is no indication of relationship or circumstances that will impact their independent judgment, the Board considers them to be independent.

COMPANY SECRETARY

The company secretary of the Company is responsible for facilitating the Board processes, ensuring the Board procedures are followed and Board activities are effectively conducted, as well as ensuring good information flow among Board members with management and Shareholders.

All Directors have access to the advice and services of the company secretary to ensure that the Board procedures, and all applicable rules and regulations are followed.

All draft and final minutes of Board meetings and Board Committees meetings with records in sufficient details the matters considered and decisions made, are sent to Directors and members of Board Committees for comments and approval. Minutes of the Board, Board Committees and general meetings are kept by the company secretary and are made available and circulated to all Directors periodically.

The company secretary sends updates on legislative, regulatory and corporate governance developments relevant to the Group on a regular basis and arranges in-house seminars for the Directors.

The company secretary of the Company is Mr. Kam Chi Sing ("**Mr. Kam**"). In compliance with Rule 3.29 of the Listing Rules, Mr. Kam Chi Sing has undertaken no less than 15 hours of relevant professional training during the FY2025. Mr. Kam has over 25 years of experience in working in the field of accountancy, auditing and assurance, taxation, corporate services, management consulting and cross – border merger and acquisition consulting in Hong Kong and the PRC. Mr. Kam has the necessary qualifications and experience as required under Rule 3.28 and 8.17 of the Listing Rules. Mr. Kam is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Financial Accountants (UK) and the Taxation the Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Kam is also a member of the Hong Kong Securities and Investment Institute and a registered trust and estate practitioner accredited by the Society of Trust and Estate Practitioners. He has over 18 years of CPA practising experience in Hong Kong. The primary corporate contact person of Mr. Kam in the Company is Mr. Mo Jingning (莫鏡寧), the general manager of the Company's Financial Capital Management Center.

TIME AND DIRECTORSHIP COMMITMENTS OF DIRECTORS

All Directors are expected to ensure that sufficient time and attention is allocated to the Company to discharge their responsibilities effectively and, where possible,

Corporate Governance Report

attend all Board/committee meetings and annual general meetings, and that other commitments do not affect the effectiveness of their contribution or the time available to the Company. The major commitments of non-executive Directors are detailed in their biographies.

All Directors are required to disclose to the Company at the time of his/her appointment, and in a timely manner for any change, the number, identity and nature of offices held in Hong Kong and overseas listed public companies or organisations and other significant commitments. Such changes will be updated in their biographies and disclosed in the annual and interim reports as appropriate. An indication of the time involved by the Directors on their directorships and other commitments will also be disclosed on an annual basis.

The independent non-executive Directors have made disclosures on the time spent on the affairs of the Company and also confirm that they are able to give sufficient time and attention to the affairs of the Company. All of them have attended the Board/committee meetings as well as extraordinary general meeting and annual general meeting held by the Company during the year.

The Nomination Committee regularly reviews the time commitments required from a Director to perform his/her responsibilities to ensure that the Board's effectiveness is not compromised. The Board believes, in principle, that Directors' external commitments will benefit the Company by providing them with a diversity of skills, experience, knowledge and perspectives and are relevant to their role in the Company.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors attended various training programmes for the FY2025, including training regarding the overview of the latest disclosure guidance requirements, the updates on the latest development in the Listing Rules, the updates of the CG Code, the responsibilities and continuous obligations of Directors. The Company had arranged suitable training for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development. Each newly appointed Director will receive a comprehensive induction

training on the duties and obligations required of a Director to comply with the Listing Rules, SFO, the Companies Ordinance and other applicable laws and regulations.

The Company provided formal induction training to Mr. Zhang Weiquan, Mr. Mei Jiawei and Mr. Zhang Jiajian, being the newly appointed alternate Directors, during FY2025, and each of them confirmed that he understood the Company's business, operations and governance policies. They have also obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 28 August 2025 before their appointment as alternate director with effect from 29 August 2025, and they have confirmed they understood their obligations as an alternate director of a listed issuer.

The Directors are required to provide the Company with information on the continuous professional development training undertaken by them from time to time. Training records are kept by the company secretary. According to information provided by the Directors, they received continuous professional development training during the year. According to records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2025 is as follows:

Name of the Director	Training
Executive Directors	
Mr. Cheung Hon Chuen	√
Mr. Mei Zuoting	√
Mr. Zhang Weixin	√
Mr. Zhang Weiquan (<i>Alternate Director to Mr. Cheung Hon Chuen</i>)	√
Mr. Mei Jiawei (<i>Alternate Director to Mr. Mei Zuoting</i>)	√
Mr. Zhang Jiajian (<i>Alternate Director to Mr. Zhang Weixin</i>)	√
Non-executive Directors	
Mr. Lin Lie	√
Ms. Wang Yixue	√
Mr. Zhao Hui	√
Independent non-executive Directors	
Dr. Zeng Zhaowu	√
Mr. Tan Michael Zhen Shan	√
Dr. Zheng Decheng	√

Corporate Governance Report

BOARD MEETING AND GENERAL MEETINGS

The Company adopts a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis. A written notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance with the matters to be discussed specified in agenda of the meeting. All Directors shall be fully consulted about any matters proposed for inclusion in the agenda for regular Board meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary.

For other Board and committee meetings, reasonable notice is generally served. Agendas or relevant documents of the Board or committee meetings shall be despatched to the Directors or members of the committees at least 3 days prior to the convening of the meetings to ensure that they have sufficient time to review the relevant documents 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. The minutes are kept by the company secretary of the Company and the copies are circulated to all Directors for reference and record purpose.

The minutes of the Board meetings and committee meetings record in detail matters considered and decisions reached by the Board and Board committees, including any issues raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Directors have a right to review the minutes of the Board meetings and the committee meetings.

Any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the independent non-executive Directors. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

In addition to Board meetings, the Chairman also has regular gatherings with other Directors, and at least annually hold meetings with independent non-executive Directors and without the presence of other Directors. The independent non-executive Directors can freely provide their independent views to the Board.

For the year ended 31 December 2025, the Company convened 5 Board meetings to, among other things, (i) consider and approve the annual results announcement and the annual report of the Group for the year ended 31 December 2024, review the work and effectiveness of the Group's risk management and internal control systems; (ii) consider and approve the appointment of 3 alternate Directors to the executive Directors; (iii) consider and approve the interim report and interim results announcement of the Group for the six months ended 30 June 2025; (iv) consider and approve the matters related to the mandate for possible very substantial acquisition in respect of possible lease of properties; and (v) consider and approve the discloseable and connected transaction in relation to the renewal of tenancy agreement. The Company convened at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

Corporate Governance Report

BOARD MEETING AND GENERAL MEETINGS (cont'd)

The attendance of each Director at Board meetings and general meetings during the year is as follows:

Name of Directors	Meetings Attended/Held	
	Board Meetings	General Meetings ²
Executive Directors		
Mr. Cheung Hon Chuen	3/5	2/2
Mr. Zhang Weixin	3/5	2/2
Mr. Mei Zuoting	3/5	2/2
Mr. Zhang Weiquan ¹ <i>(Alternate Director to Mr. Cheung Hon Chuen)</i>	1/1	N/A
Mr. Mei Jiawei ¹ <i>(Alternate Director to Mr. Mei Zuoting)</i>	1/1	N/A
Mr. Zhang Jiajian ¹ <i>(Alternate Director to Mr. Zhang Weixin)</i>	1/1	N/A
Non-executive Directors		
Mr. Lin Lie	5/5	2/2
Ms. Wang Yixue	5/5	2/2
Mr. Zhao Hui	5/5	2/2
Independent non-executive Directors		
Dr. Zeng Zhaowu	5/5	2/2
Mr. Tan Michael Zhen Shan	5/5	2/2
Dr. Zheng Decheng	5/5	2/2

Notes:

1. Appointed as an alternate Director with effect from 29 August 2025.
2. An annual general meeting and extraordinary general meeting of the Company were held on 30 May 2025 and 5 December 2025, respectively.

DELEGATION BY THE BOARD AND BOARD COMMITTEES

The Company has three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of the Board committees operates under its specific written terms of reference. Sufficient resources, including the advice of the external Auditor and independent professional advisers, are provided to the Board Committees to enable them to discharge their duties. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with paragraph D.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Dr. Zeng Zhaowu (曾昭武), Mr. Tan Michael Zhen Shan (譚鎮山) and Dr. Zheng Decheng (鄭德理), all being independent non-executive Directors. Dr. Zeng Zhaowu currently serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of the financial reporting process and the risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

For FY2025, the Audit Committee convened two meetings to, among other things, (i) review the annual results announcement and the annual report of the Group for the year ended 31 December 2024; and (ii) review the interim results announcement and the interim report of the Group for the six months ended 30 June 2025.

Corporate Governance Report

DELEGATION BY THE BOARD AND BOARD COMMITTEES (cont'd)

The following table sets forth the attendance of each member of the Audit Committee at the Audit Committee meetings during the year:

Name of Directors	Number of Audit Committee meetings attended/held
Dr. Zeng Zhaowu (<i>Chairman</i>)	2/2
Mr. Tan Michael Zhen Shan	2/2
Dr. Zheng Decheng	2/2

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. Pursuant to Rule 3.27A of the Listing Rules, the Nomination Committee consists of five members, being one executive Director, namely Mr. Cheung Hon Chuen (張漢泉), one non-executive Director, namely Ms. Wang Yixue (王藝雪), and three independent non-executive Directors, namely Dr. Zeng Zhaowu (曾昭武), Dr. Zheng Decheng (鄭德理) and Mr. Tan Michael Zhen Shan (譚鎮山). Mr. Cheung Hon Chuen, being the chairman of the Board, currently serves as the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director.

The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

For the FY2025, the Nomination Committee convened two meetings to, among other things, (i) review the nomination policy (including nomination procedures and process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship), (ii) assess each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his/her responsibilities effectively, (iii) review the composition of the Board and assess the independence of independent non-executive Directors.

The following table sets forth the attendance of each member of the Nomination Committee at the Nomination Committee meetings during the year:

Name of Directors	Number of Nomination Committee meeting(s) attended/held
Mr. Cheung Hon Chuen (<i>Chairman</i>)	1/2
Dr. Zheng Decheng	2/2
Dr. Zeng Zhaowu	2/2
Ms. Wang Yixue ¹	-
Mr. Tan Michael Zhen Shan ¹	-

Note:

1. Appointed as a member of the Nomination Committee on 29 August 2025.

Nomination Policy

According to the Nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the criteria, including character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Corporate Governance Report

DELEGATION BY THE BOARD AND BOARD COMMITTEES *(cont'd)*

Board Diversity Policy

The Board adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

In designing the Board's composition, the Nomination Committee considers Board diversity from a number of aspects, including but not limited to gender, age, race, language, cultural background, educational background, ethnicity, industry experience, professional experience, skills, knowledge and length of service and other qualities relevant to the duties of the Directors that the Nomination Committee may consider relevant and applicable from time to time towards achieving a diversified Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

We believe the Board has a well-balance of cultural background, educational background, gender, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

Gender

Male: 8 Directors
Female: 1 Director

Age Group

30–50: 4 Directors
51–70: 3 Directors
Over 71: 2 Directors

Designation

Executive Directors: 3 Directors
Non-executive Directors: 3 Directors
Independent Non-executive Directors: 3 Directors

Education Background

Business Administration: 1 Director
Accounting and Finance: 5 Directors
Others: 3 Directors

Nationality

Chinese: 9 Directors

Business Experience

With experience related to Group's business: 3 Directors
Accounting and Finance: 5 Directors
Others: 1 Director

The Nomination Committee is responsible for the monitoring and review of the board diversity policy annually. During the FY2025 and up to the Latest Practicable Date, the Nomination Committee and the Board considered and were satisfied that the current position of the Board has been sufficiently diverse.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in accordance with the CG Code as set out in Appendix C1 to the Listing Rules, which is in compliance with paragraph E.1 of the CG Code. The Remuneration Committee has three members, comprising two independent non-executive Directors, namely Dr. Zeng Zhaowu (曾昭武) and Dr. Zheng Decheng (鄭德理), and one executive Director, namely Mr. Cheung Hon Chuen (張漢泉). Dr. Zeng Zhaowu currently serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations to the Board on employee benefit arrangement. No Director or any of their associates is involved in deciding their own remuneration.

For the FY2025, the Remuneration Committee convened one meeting to, among other things, (i) review and examine the remuneration policy and structure and to determine, with delegated responsibility, the annual remuneration package of individual executive Directors and the senior management of the Company and other related matters; and (ii) review the performance and remuneration of the executive Directors and the senior management of the Company. During FY2025, since there was no share option granted under the share option scheme of the Company, no material matter relating to the share option scheme has been reviewed by the Remuneration Committee.

Corporate Governance Report

DELEGATION BY THE BOARD AND BOARD COMMITTEES *(cont'd)*

Remuneration Committee *(cont'd)*

The following table sets forth the attendance of each member of the Remuneration Committee at the Remuneration Committee meeting(s) during the year:

Name of Directors	Number of Remuneration Committee meeting(s) attended/held
Dr. Zeng Zhaowu <i>(Chairman)</i>	1/1
Mr. Cheung Hon Chuen	1/1
Dr. Zheng Decheng	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group's senior management, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the FY2025 and until the date of this annual report. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year under review.

FRAMEWORK FOR DISCLOSURE OF INSIDE INFORMATION

The Company has put in place a policy on handling and dissemination of inside information which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to determine the price of the listed securities of the Company with the latest available information. This policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting

systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

EXTERNAL AUDITOR

CCTH CPA Limited ("CCTH") was appointed as the Company's auditor to fill up the casual vacancy left by PricewaterhouseCoopers on 31 December 2024. For FY2025, the annual audit and non-audit services paid to CCTH amounted to approximately RMB1.5 million and RMB0.3 million, respectively. The non-audit services mainly comprised tax compliance and certain agree-upon-procedure works.

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the auditor. The Audit Committee recommended the re-appointment of CCTH as the external auditor of the Group for the year ending 31 December 2026, subject to the approval of the shareholders at the annual general meeting of the Company.

FINANCIAL REPORTING

Directors' Responsibility

The Directors of the Company are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Group and of the results and cashflow during the reporting period. A statement from the auditor about its reporting responsibilities on the financial statements is set out on pages 107 to 111 of this annual report. In preparing the financial statements for the FY2025, the Directors of the Company have selected suitable accounting policies and applied them consistently, made judgments and estimated that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

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.

Corporate Governance Report

FINANCIAL REPORTING (cont'd)

External Auditor's Responsibility

The Auditor of the Company is CCTH. A statement by the Independent Auditor about their reporting responsibilities is included in the Independent Auditor's Report on the Company's financial statements on pages 107 to 111.

In arriving at their opinion, the Auditor conducts full scope audit without any restrictions and has access to individual Directors (including Audit Committee members) and management of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound risk management systems and effective internal control in order to safeguard the Group's assets and Shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the Guidelines on Disclosure of Inside Information.

The Group's internal control system also includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual departments which are accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the

strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

During the FY2025, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes received by employees and relevant budget of the Company's accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects.

In addition, the Company has established policies and systems that promote and support anti-corruption laws and regulations. We also carry out regular on-the-job compliance training to our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company.

The Company has also established a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Company.

The Company is committed to continuously reviewing and improving its internal systems, including those in relation to internal supervision and control, and risk management.

Corporate Governance Report

INDEPENDENT VIEWS AND INPUT TO THE BOARD

To ensure independent views and input are made available to the Board, the Board (or through its Board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

- (i) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through Board meetings;
- (ii) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;
- (iii) the chairman of the Board meets with independent non-executive Directors annually without the presence of other Directors; and
- (iv) all independent non-executive Directors are required to inform the Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence pursuant to Rule 3.13 of the Listing Rules.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. Depending on the financial position of the Group and the conditions and factors set out in the Dividend Policy, dividends may be proposed and/or declared by the Board in a financial year and any final dividend for the financial year is subject to the Shareholders' approval. The Board shall take into account the following factors when considering whether to declare, recommend or pay any dividends and determining the dividend amount:

1. the Group's actual and expected financial performance;
2. retained earnings and distributable reserves of the Group;
3. the Group's working capital requirements, capital expenditure requirements and future expansion plans;
4. the Group's liquidity position;
5. contractual restrictions on the payment of dividends by the Company to the Shareholders or by the Company's subsidiaries to the Company;
6. taxation considerations;
7. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
8. other factors that the Board deems relevant.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convening General Meetings

Under Article 64 of the Articles, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board and add resolutions to the agenda of the meeting for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionists.

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

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles and the Companies Act of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Proposing a person for election as a Director

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal office or at the registration office of the Company. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Detailed procedures for Shareholders to propose a person for election as a Director of the Company are published on the Company's website.

Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company as follows:

Address: 1st Floor, Xinjicheng Club
No. 250, Intersection of Nanda Road
Panyu District, Guangzhou
PRC
Attention: Office of the Board

The Company will not normally deal with verbal or anonymous enquiries.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the reporting period, the Company disclosed information truly, accurately, completely and timely according to the laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, thus protecting the investors' interests to the greatest extent.

To promote effective communication, up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xjsx.net.cn) for public access. The general meetings of the Company provide a forum and an important channel for communication between the Board and the Shareholders. The chairman of the Board as well as chairman of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

During FY2025, the Company held an annual general meeting on 30 May 2025 and an extraordinary general meeting on 5 December 2025. Notice of the said meetings were sent to the Shareholders on 28 April 2025 and 17 November 2025, respectively. All then Directors attended the meeting in person or by means of electronic communication.

As part of its regular review, the Board has reviewed these communication channels for the year ended 31 December 2025 and is of the view that this is effective and adequately implemented.

Any Shareholders' enquiries regarding their shareholding, including transfer of shares, change of address, report of lost share certificates, can be directed to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, as follows:

Address: 17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong
Contact: (852) 2980 1333

Shareholder's communication policy was adopted by the Company to comply with the CG Code. The Company has reviewed the Company's shareholders engagement and communication activities conducted during FY2025 and was satisfied with the implementation and effectiveness of the shareholders' communication of the Company. The Company will continue to enhance communications and relationships with its Shareholders and investors.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

A copy of the Memorandum and Articles of Association is available on the website of the Company and the Stock Exchange. During the year ended 31 December 2025 and up to the date of this annual report, there was no significant change in constitutional documents of the Company.

NON-COMPETITION UNDERTAKINGS

For details of the non-competition undertakings, please refer to the section headed "Non-Competition Undertakings" under the "Report of Directors" of this annual report.

Corporate Governance Report

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors of the Company are as follows:

1. Ms. Wang Yixue, a non-executive Director, was appointed as a member of the Nomination Committee with effect from 29 August 2025.
2. Mr. Tan Michael Zhen Shan, an independent non-executive Director, was appointed as a member of the Nomination Committee with effect from 29 August 2025.
3. Mr. Zhang Weiquan was appointed as an alternate Director to Mr. Cheung Hon Chuen, the Chairman of the Board, the Chief Executive Officer, an executive Director and a Controlling Shareholder, with effect from 29 August 2025.
4. Mr. Mei Jiawei was appointed as an alternate Director to Mr. Mei Zuoting, an executive Director and a Controlling Shareholder with effect from 29 August 2025.
5. Mr. Zhang Jiajian was appointed as an alternate Director to Mr. Zhang Weixin, an executive Director and a Controlling Shareholder of the Company with effect from 29 August 2025.

Save as disclosed above and the biographical details set out in the section headed "Board of Directors and Senior Management" in this annual report, there is no other changes in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 27 July 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Our principal activities comprise six main business lines: (i) shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings; (ii) subleasing apartments; (iii) property management projects; (iv) managed shopping malls; (v) online shopping mall for sales of hospitality supplies and home furnishings; and (vi) exhibition management business.

The activities and particulars of the Group are shown under note 37 to the consolidated financial statements. An analysis of the Group's operating results for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

RESULTS

The consolidated annual results of the Group for FY2025 are set out on pages from 112 to 200 of this annual report.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025. No interim dividend was paid or declared during the year (2024: Nil).

There is no arrangement under which a shareholder has waived or agreed to waive any dividend.

RESERVES

Details of the movement in the reserves of the Group during the FY2025 are set out on note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Group's distributable reserves were approximately RMB737 million (31 December 2024: RMB770 million).

CHARITABLE DONATIONS

The total charitable donations made by the Group for the year ended 31 December 2025 amounted to approximately RMB1.4 million.

BUSINESS REVIEW

A review of the Group's business during the year could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this directors' report.

SHARE ISSUED

Details of the movements in share capital of the Company during FY2025 are set out in note 26 to the consolidated financial statements.

DEALINGS IN LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the FY2025.

Report of Directors

AGM AND CLOSURE OF REGISTER OF MEMBERS

The Company will hold the AGM on Friday, 29 May 2026. A notice convening the AGM has been published on the websites of the Stock Exchange and the Company; and also despatched to the Shareholders.

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026, both days inclusive, and during such period, no transfer of Shares will be registered.

In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, 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 Friday, 22 May 2026.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during FY2025 are set out in note 19 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste. Details of the Group's commitments and efforts are summarised in the Environmental, Social and Governance Report in this annual report.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

During FY2025 and up to the date of this annual report, the Board consists of nine Directors, details of which are as follows:

Executive Directors

Mr. Cheung Hon Chuen (*Chairman, Chief Executive Officer*)
Mr. Mei Zuoting
Mr. Zhang Weixin

Non-executive Directors

Mr. Lin Lie
Ms. Wang Yixue
Mr. Zhao Hui

Independent Non-executive Directors

Dr. Zeng Zhaowu
Mr. Tan Michael Zhen Shan
Dr. Zheng Decheng

Alternate Directors

Mr. Zhang Weiquan
(*Alternate Director to Mr. Cheung Hon Chuen, appointed on 29 August 2025*)

Mr. Mei Jiawei
(*Alternate Director to Mr. Mei Zuoting, appointed on 29 August 2025*)

Mr. Zhang Jiajian
(*Alternate Director to Mr. Zhang Weixin, appointed on 29 August 2025*)

In accordance with Article 108 of the Articles, Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Lin Lie shall retire by rotation and shall be eligible and have offered themselves for re-election at the forthcoming AGM.

All directors of the Company are subject to retirement by rotation as required by the Articles of Association and the code provisions of the CG Code.

PROFILE OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group during FY2025 are set out in the section headed "Board of Directors and Senior Management" in this annual report.

Report of Directors

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written confirmations which have been reviewed by the Nomination Committee from each independent non-executive Directors of his/her independence pursuant to Rule 3.13 of the Listing Rules. Both the Nomination Committee and the Board consider them to be independent throughout the year and that they remain so as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITIONS IN SECURITIES AND UNDERLYING SHARES

As at 31 December 2025, the interests or short positions of each Director and chief executive officer of the Company in the Shares, underlying Shares and debentures of the Company, as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, and the details of any right to subscribe for Shares of the Company and of the exercise of such rights, were as follows:

Director	Capacity/nature of interest	Class and number of securities held ¹	Approximate percentage of interest in the Company's issued share capital
Mr. Cheung	Interest of controlled Corporation ^{2,5}	570,564,000 (L)	38.22%
Mr. Mei	Interest of controlled Corporation ^{3,5}	570,564,000 (L)	38.22%
Mr. Zhang	Interest of controlled Corporation ^{4,5}	570,564,000 (L)	38.22%

Notes:

- The letter "L" denotes a long position in the Shares.
- As at 31 December 2025, Honchuen Investment was wholly-owned by Mr. Cheung. Mr. Cheung is deemed to be interested in all the Shares held by Honchuen Investment under the SFO.
- As at 31 December 2025, Zuoting Investment was wholly-owned by Mr. Mei. Mr. Mei is deemed to be interested in all the Shares held by Zuoting Investment under the SFO.
- As at 31 December 2025, Weixin Development was wholly-owned by Mr. Zhang. Mr. Zhang is deemed to be interested in all the Shares held by Weixin Development under the SFO.
- On 28 December 2018, in preparation for the Listing, Mr. Cheung, Mr. Mei and Mr. Zhang executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon Listing to consolidate their control over our Group through Honchuen Investment, Zuoting Investment and Weixin Development until the concert parties agreement is terminated by them in writing. As such, Mr. Cheung, Mr. Mei, Mr. Zhang, Honchuen Investment, Zuoting Investment and Weixin Development are deemed to be interested in the Shares held by the others under the SFO. Please refer to the section headed "Substantial Shareholders" in the Prospectus for details.

Except as disclosed above, to the best knowledge, information and belief of our Directors and based on information available as at 31 December 2025, none of the Directors or chief executive of the Company and its respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO; (ii) whose were required to be recorded in the register kept by the Company under section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of Directors

DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing on the Listing Date, and either party may terminate the agreement by giving the other not less than three months' written notice.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for an initial term of three years, and either party may terminate the appointment letter by giving the other at least one month's notice in writing. Under the respective appointment letters, each of the non-executive Directors and independent non-executive Directors is entitled to a fixed Director's emolument.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles. The term of the service agreements and the appointment letters may be renewed in accordance with their respective terms, the Articles, the Listing Rules and other applicable laws. None of the Directors have entered into a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Significant Related Party Transactions" in note 35 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during FY2025 and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during FY2025.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at any time during FY2025 or at the end of the financial year.

DISCLOSEABLE AND CONNECTED TRANSACTION

On 5 December 2025, Guangzhou Shaxi International Hospitality Supplies City Company Limited* (廣州沙溪國際酒店用品城有限公司), an indirect wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement (the "**2026 Headquarters Tenancy Agreement**") with Guangzhou Xinji Real Estate Development Co., Ltd.* (廣州市信基置業房地產開發有限公司) ("**Guangzhou Real Estate**"), as landlord, to renew the lease of the premises located at South Intersection No. 250, Dashi Street, Panyu District, Guangzhou, the PRC* (中國廣州市番禺區大石街南大路口250號) (the "**Premises**"), which is approximately 3,897.74 square meters, for a term of two years commencing from 1 January 2026 and ending on 31 December 2027 (both days inclusive) at a total rent of RMB8,841,642.

In accordance with HKFRS 16 "Leases", the entering into of the 2026 Headquarters Tenancy Agreement as lessee will require the Group to recognise the Premises as a right-of-use asset on its consolidated statement of financial position, thus the 2026 Headquarters Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the estimated value of the right-of-use assets to be recognised by the Group under the 2026 Headquarters Tenancy Agreement exceed(s) 5% but are less than 25%, the entering into of the 2026 Headquarters Tenancy Agreement constitutes a discloseable transaction on the part of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Report of Directors

Guangzhou Real Estate is co-owned by (i) Mr. Cheung Hon Chuen, being an executive Director, the chairman of the Board and a controlling shareholder of the Company; (ii) Mr. Mei Zuoting, being an executive Director and a controlling shareholder of the Company; and (iii) Mr. Zhang Weixin, being an executive Director and a controlling shareholder of the Company. Accordingly, Guangzhou Real Estate is an associate of Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Zhang Weixin and a connected person of the Company, and the entering into of the 2026 Headquarters Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the estimated value of the right-of-use assets to be recognised by the Group under the 2026 Headquarters Tenancy Agreement are more than 5% but less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the 2026 Headquarters Tenancy Agreement falls within the ambit of Rule 14A.76(2) of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the announcement of the Company dated 5 December 2025.

CONNECTED TRANSACTION

Save as disclosed in this report, during FY2025 and up to the date of this report, the Company has not entered into any connected transactions or continuing connected transactions that are subject to the reporting requirements under Chapter 14A of the Listing Rules.

INTEREST OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

Save as disclosed in this annual report and the Prospectus, to the best knowledge of the Directors, none of the Directors had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group during FY2025.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out respectively in notes 14 and 13(b) to the consolidated financial statements.

For FY2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for FY2025.

Except as disclosed above, no other payments have been made or are payable, for FY2025, by our Group to or on behalf of any of the Directors.

Pursuant to code provision E.1.5 of the CG Code, the remuneration payable to members of senior management by band for FY2025 is set out as follows:

Remuneration bands	Number of individuals
RMB450,001 to RMB550,000	3

Report of Directors

NON-COMPETITION UNDERTAKINGS

After the Reorganisation of the Group in preparation for the Listing, the Directors consider that there is a clear delineation between the business of the Group and other business conducted or owned directly or indirectly by the Controlling Shareholders and their respective close associates as described in the section headed "Relationship with Controlling Shareholders" in the Prospectus. Each of Honchuen Investment, Zuoting Investment, Weixin Development, Mr. Cheung, Mr. Mei and Mr. Zhang has executed a deed of non-competition dated 22 October 2019 in favor of the Group (the "**Deed of Non-Competition**"), pursuant to which, each of Honchuen Investment, Zuoting Investment, Weixin Development, Mr. Cheung, Mr. Mei and Mr. Zhang has irrevocably undertaken, among other things, that each of Honchuen Investment, Zuoting Investment, Weixin Development, Mr. Cheung, Mr. Mei and Mr. Zhang will not and will not procure the close associates, directly or indirectly, engage in any business which is or may be in competition with the business of any member of the Group from time to time.

Each of Honchuen Investment, Zuoting Investment, Weixin Development, Mr. Cheung, Mr. Mei and Mr. Zhang has confirmed in writing to the Company of its compliance with the Deed of Non-Competition for disclosure in this annual report for the year ended 31 December 2025.

The independent non-executive Directors have reviewed the Deed of Non-Competition and had determined that none of Honchuen Investment, Zuoting Investment, Weixin Development, Mr. Cheung, Mr. Mei or Mr. Zhang had been in breach of the Deed of Non-Competition for the year ended 31 December 2025.

For the year ended 31 December 2025, the Directors (including the independent non-executive Directors) did not make any decisions in relation to whether to exercise or terminate an option for purchase and take up or waive any new business opportunity.

Reference is made to the circular of the Company dated 13 May 2022 in relation to the acquisitions (the "**Acquisitions**") of the entire equity interests in Guangzhou Youxiang and Foshan Youxiang. On 15 March 2022, Mr. Cheung, Mr. Mei and Mr. Zhang executed a letter of undertaking (the "**Non-Competition Undertaking**") in favour of the Company pursuant to which each of Mr. Cheung, Mr. Mei and Mr. Zhang has undertaken to the Company that upon completion of the Acquisitions, save for Mr. Cheung, Mr. Mei and Mr. Zhang's indirect interests in the equity interests of Guangzhou Xinji Property Management Co., Ltd.* (廣州市信基物業管理有限公司) ("**Guangzhou Xinji Property**") and Hubei Xinji Property Management Co., Ltd.* (湖北信基物業管理有限公司) ("**Hubei Xinji Property**") (which are principally engaged in the provision of property management services for commercial complex), (i) he will not, without the written consent of the Company, either on his account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, partner, agent or otherwise in carrying on any business that is carried on by the Group (including Guangzhou Youxiang and Foshan Youxiang); and (ii) he will procure and cause that each of his associates will observe the restrictions contained in the foregoing provisions of the Non-Competition Undertaking.

Report of Directors

Each of Mr. Cheung, Mr. Mei and Mr. Zhang has further undertaken to dispose of (i) his indirect interests in the equity interests of Guangzhou Xinji Property and Hubei Xinji Property; or (ii) the property management businesses of Guangzhou Xinji Property and Hubei Xinji Property to third party(ies) within one year after completion of the Acquisitions and has granted the Company the right of first refusal for purchasing the said equity interests or property management businesses of Guangzhou Xinji Property and Hubei Xinji Property, subject to compliance with the relevant PRC laws.

Each of Mr. Cheung, Mr. Mei and Mr. Zhang has confirmed in writing to the Company of its compliance with the Non-Competition Undertaking for disclosure in this annual report for the year ended 31 December 2025.

The independent non-executive Directors have reviewed the Non-Competition Undertaking and had determined that none of Mr. Cheung, Mr. Mei or Mr. Zhang had been in breach of the Non-Competition Undertaking for the year ended 31 December 2025.

As at the Latest Practicable Date, Mr. Cheung, Mr. Mei and Mr. Zhang have completed the disposal of their indirect interests in the equity interests of Guangzhou Xinji Property, which is the holding company of Hubei Xinji Property, to purchaser(s) who are independent third party(ies).

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.

MANAGEMENT CONTRACTS

Other than the Directors' service agreements and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at any time during FY2025.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as set out below, no equity-linked agreement was entered into by the Group, or existed during FY2025.

LOAN AND GUARANTEE

During FY2025, save as disclosed in note 35(e) to the financial statements in this annual report, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as our Directors are aware, as at 31 December 2025, the following persons have or are deemed or taken to have an interest or a short position in Shares or underlying Shares of the Company which will be required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register of the Company required to be kept pursuant to section 336 of the SFO or, directly or indirectly, are interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Nature of Interest	Name of ordinary shares held	Approximate percentage of the Company's issued share capital
Honchuen Investment	Beneficial owner ⁵	570,564,000 (L)	38.22%
Jingzhou Global Investments Ltd. (" Jingzhou Global ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Kaixin Enterprises Ltd. (" Kaixin Enterprises ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Jinrong Holdings Ltd. (" Jinrong Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Ruifeng Holdings Ltd. (" Ruifeng Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Hengyao Enterprises Ltd. (" Hengyao Enterprises ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Shengtong Holdings Limited (" Shengtong Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Huaxun Holdings Limited (" Huaxun Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Fengchuang Holdings Limited (" Fengchuang Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Yuchang Holdings Limited (" Yuchang Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Zhuolian Holdings Limited (" Zhuolian Holdings ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Xinyuan Company Limited (" Xinyuan Company ")	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Mr. Cheung	Interest of controlled corporation ^{2,5}	570,564,000 (L)	38.22%
Zuoting Investment	Beneficial owner ⁵	570,564,000 (L)	38.22%
Wanrong Holdings Limited (" Wanrong Holdings ")	Interest of controlled corporation ^{3,5}	570,564,000 (L)	38.22%
Huajin Holdings Limited (" Huajin Holdings ")	Interest of controlled corporation ^{3,5}	570,564,000 (L)	38.22%
Mr. Mei	Interest of controlled corporation ^{3,5}	570,564,000 (L)	38.22%
Weixin Development	Beneficial owner ⁵	570,564,000 (L)	38.22%
Junya Holdings Limited (" Junya Holdings ")	Interest of controlled corporation ^{4,5}	570,564,000 (L)	38.22%
Zhaoxin Holdings Limited (" Zhaoxin Holdings ")	Interest of controlled corporation ^{4,5}	570,564,000 (L)	38.22%
Mr. Zhang	Interest of controlled corporation ^{4,5}	570,564,000 (L)	38.22%
Huang Wanyi	Interest of spouse ⁶	570,564,000 (L)	38.22%
AL Capital Funds VCC for a/c of AL Capital Global Opportunities Fund ⁷	Investment manager	129,180,000 (L)	8.65%
AL Capital Holdings International Pte. Ltd.	Interest of controlled corporation ⁸	129,180,000 (L)	8.65%
LYH Group Limited	Interest of controlled corporation ^{8,9}	129,180,000 (L)	8.65%
Lin Yunhui	Interest of controlled corporation ^{8,9}	129,180,000 (L)	8.65%
Huiqun Investment Limited	Beneficial owner ¹⁰	93,375,000 (L)	6.25%

Report of Directors

Notes:

1. The letter "L" denotes a long position in the Shares.
2. As at 31 December 2025, Honchuen Investment is indirectly wholly-owned by Mr. Cheung through a number of companies as set out below:
 - (i) Honchuen Investment is direct wholly-owned by Jingzhou Global;
 - (ii) Jingzhou Global is in directly owned as to 34%, 33% and 33% by Kaixin Enterprises, Jinrong Holdings and Ruifeng Holdings, respectively;
 - (iii) Kaixin Enterprises is directly owned as to 60% and 40% by Hengyao Enterprises and Ruifeng Holdings, respectively;
 - (iv) Jinrong Holdings is directly owned as to 60% and 40% by Ruifeng Holdings and Kaixin Enterprises, respectively;
 - (v) Ruifeng Holdings is directly owned as to 40%, 20%, 20% and 20% by Hengyao Enterprises, Shengtong Holdings, Huaxun Holdings and Fengchuang Holdings, respectively;
 - (vi) Hengyao Enterprises is directly owned as to 33.34%, 33.33% and 33.33% by Zhuolian Holdings, Yuchang Holdings and Xinyuan Company, respectively; and
 - (vii) Each of Shengtong Holdings, Huaxun Holdings, Fengchuang Holdings, Yuchang Holdings, Zhuolian Holdings and Xinyuan Company is direct wholly-owned by Mr. Cheung.

Each of Jingzhou Global, Kaixin Enterprises, Jinrong Holdings, Ruifeng Holdings, Hengyao Enterprises, Shengtong Holdings, Huaxun Holdings, Fengchuang Holdings, Yuchang Holdings, Zhuolian Holdings and Xinyuan Company and Mr. Cheung is deemed to be interested in all the Shares held by Honchuen Investment under the SFO.

3. As at 31 December 2025, Zuoting Investment is indirect wholly-owned by Mr. Mei through a number of companies as set out below:
 - (i) Zuoting Investment is direct wholly-owned by Wanrong Holdings;
 - (ii) Wanrong Holdings is directly owned as to 60% and 40% by Mr. Mei and Huajin Holdings, respectively; and
 - (iii) Huajin Holdings is direct wholly-owned by Mr. Mei.

Each of Wanrong Holdings, Huajin Holdings and Mr. Mei is deemed to be interested in all the Shares held by Zuoting Investment under the SFO.
4. As at 31 December 2025, Weixin Development is indirect wholly-owned by Mr. Zhang through a number of companies as set out below:
 - (i) Weixin Development is direct wholly-owned by Junya Holdings;
 - (ii) Junya Holdings is directly owned as to 60% and 40% by Mr. Zhang and Zhaoxin Holdings, respectively; and
 - (iii) Zhaoxin Holdings is direct wholly-owned by Mr. Zhang.

Each of Junya Holdings, Zhaoxin Holdings and Mr. Zhang is deemed to be interested in all the Shares held by Weixin Development under the SFO.

5. On 28 December 2018, in preparation for the Listing, Mr. Cheung, Mr. Mei and Mr. Zhang executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon Listing to consolidate their control over our Group through Honchuen Investment, Zuoting Investment and Weixin Development until the concert parties agreement is terminated by them in writing. As such, Mr. Cheung, Mr. Mei, Mr. Zhang, Honchuen Investment, Zuoting Investment and Weixin Development are deemed to be interested in the Shares held by the others under the SFO. For details, please refer to the section headed "Substantial Shareholders" in the Prospectus.
6. Ms. Huang Wanyi is the spouse of Mr. Zhang. By virtue of the SFO, Ms. Huang Wanyi is deemed to be interested in the same number of Shares in which Mr. Zhang is deemed to be interested in under the SFO.
7. AL Capital Global Opportunities Fund is a sub-fund of AL Capital Funds VCC, a variable capital company wholly-owned by AL Capital Holdings International Pte. Ltd. AL Capital Holdings International Pte. Ltd. is deemed to be interested in all the Shares held by AL Capital Funds VCC for a/c of AL Capital Global Opportunities Fund under the SFO.
8. AL Capital Holdings International Pte. Ltd. was wholly-owned by LYH Group Limited. LYH Group Limited is deemed to be interested in all the Shares held by AL Capital Holdings International Pte. Ltd. under the SFO.
9. LYH Group Limited was wholly-owned by Lin Yunhui. Lin Yunhui is deemed to be interested in all the Shares held by LYH Group Limited and AL Capital Holdings International Pte. Ltd. under the SFO.
10. To the best knowledge and belief of our Directors, Huiqun Investment Limited was wholly-owned by Independent Third Parties.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS *(cont'd)*

Except as disclosed above, as at 31 December 2025, none of the persons (other than Directors whose interests are set out in this annual report) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the written resolutions of the Shareholders passed on 3 October 2019. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Since the date of adoption to 31 December 2025, no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no outstanding share option as at the date of this annual report. Summary of the principal terms of the Share Option Scheme are as follows:

(a) Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

(b) Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (c) below to the following persons (the "**Eligible Participants**"):

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (a) contribution to the development and performance of the Group;
 - (b) quality of work performed for the Group;
 - (c) initiative and commitment in performing his/her duties; and
 - (d) length of service or contribution to the Group.

Report of Directors

SHARE OPTION SCHEME (cont'd)

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within twenty-one days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

(e) Maximum number of Shares of the Company available for issue

The total number of Shares available for issue under the Share Option Scheme is 150,000,000 Shares, represent approximately 10.05% of the Shares in issue (excluding any treasury shares) as at the date of this annual report.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

(g) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(h) Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on 3 October 2019, subject to early termination provisions contained in the Share Option Scheme. As at the Latest Practicable Date, the Share Option Scheme has a remaining life of approximately 3.4 years.

The number of share options available for grant under the scheme mandate at the beginning and the end of the FY2025 is 150,000,000.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

For the year ended 31 December 2025, neither the Company, its holding company, nor any of its subsidiaries has enabled the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, the Group did not have any significant investment or material acquisition or disposal of subsidiaries and affiliated companies for the FY2025.

Report of Directors

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as those disclosed under the section headed “Business – Our Strategies” in the Prospectus, the Group currently has no other plan for material investments or capital assets.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group’s largest customer accounted for 7% of the Group’s total revenue. The Group’s five largest customers accounted for 10% of the Group’s total revenue. In the year under review, the Group’s largest supplier accounted for 32% of the Group’s total purchase. The Group’s five largest suppliers accounted for 84% of the Group’s total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares (excluding any treasury shares) of the Company) has any beneficial interest in the Group’s five largest suppliers or the Group’s five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company.

RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of the significant related party transactions of the Group for the FY2025 are set out in note 35 to the consolidated financial statements contained herein.

Save as disclosed in this annual report, none of the related party transactions falls under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Details of the Company’s issued share capital is set out in note 26 to the consolidated financial statements contained herein. As at 31 December 2025, the Company has one class of shares in issue, which ranks pari passu with each other in all respects.

The applicable public float threshold for the Company is the initial prescribed threshold of at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public.

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the Latest Practicable Date prior to the publication of this annual report, (i) the Company has complied with the requirements under Rule 13.32B of the Listing Rules and maintained the public float as required under the Listing Rules with more than 25% of the issued shares of the Company (excluding treasury shares, if any) being held by the public during the FY2025 and up to the date of this report; and (ii) approximately 61.78% of the total issued shares of the Company (excluding treasury shares, if any) were held by the public as at 31 December 2025. For information on the composition of ownership of the Company’s ordinary shares listed on the Stock Exchange, please refer to section headed “Report of Directors - Substantial Shareholders’ and other Shareholders’ interest”.

Report of Directors

PERMITTED INDEMNITY PROVISION

In FY2025 and up to the date of this annual report, the Company has implemented the permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in this report, there was no other significant event or arbitration proceeding which has a significant impact on the Group during the FY2025.

CORPORATE GOVERNANCE

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

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the FY2025, other than code provision C.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this annual report, there are no significant events after the year ended 31 December 2025 and up to the Latest Practicable Date.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by CCTH CPA Limited ("**CCTH**"), Certified Public Accountants, who will retire at the forthcoming AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of CCTH as the independent auditors of the Company for the coming year will be proposed at the forthcoming AGM for approval by the Shareholders. Save for the change of auditors from PricewaterhouseCoopers to CCTH with effect from 31 December 2024, there has been no change in auditors of the Company in any of the preceding three years.

It is the auditor's responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 107 to 111.

COMPLIANCE WITH LAWS AND REGULATIONS

For the FY2025, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board

Cheung Hon Chuen

Chairman

30 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Xinji Shaxi Group Co., Ltd (the “**Company**”, together with its subsidiaries, hereinafter referred to as the “**Group**” or “**we**” or “**us**”) is pleased to present the Environmental, Social and Governance Report (the “**Report**”) to summarise the Group’s policies, measures and performance on the key environmental, social and governance (“**ESG**”) issues for the year ended 31 December 2025.

Reporting Period

The reporting period of this Report is from 1 January 2025 to 31 December 2025 (the “**Reporting Period**” or “**2025**”).

Reporting Scope and Boundaries

Based on financial materiality and the relevance of ESG strategy, this Report covers our headquarter office in Guangzhou, the People’s Republic of China (the “**PRC**”), and the following hospitality supplies and home furnishings shopping malls in Guangzhou and Shenyang (collectively referred to as “**shopping mall(s)**”):

- Xinji Shaxi Hospitality Supplies Expo Center;
- Xinji Hotelex Hospitality Supplies Center;
- Xinji Dashi Home Furnishings Center;
- Xinji Shaxi Hospitality Supplies Expo Center (Shenyang); and
- Xinji Shaxi Home Furnishings Expo Center (Shenyang).

The scope and boundaries of this Report have not changed significantly from the previous year. If the area and scope of the specific content are different, they have been specifically noted in the relevant part of the Report. Although the Report does not cover all operations of the Group, we are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure.

Reporting Basis and Principle

The Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Code* (the “**Code**”) as set out in Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Main Board Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and complies with the “Comply or Explain” provisions under the Main Board Listing Rules. The Report has been prepared in accordance with the following reporting principles:

- **Materiality**
The Group determines relevant ESG issues through stakeholder engagement and materiality assessment. Please refer to the sections “Stakeholder Engagement” and “Materiality Assessment” in this Report for more details. For the purpose of Part D of this Code, the Group discloses information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.
- **Quantitative**
The Group’s disclosure of key performance indicators in respect of historical data are measurable and the Group is committed to disclosing information on the standards, methodologies, assumptions or calculation tools used in quantitative data and the source of conversion factors used when feasible.
- **Balance**
The Group avoids selections, omissions or presentation formats that may inappropriately influence the report readers’ decisions or judgment.
- **Consistency**
The Group is committed to using consistent methodologies for meaningful comparisons. The Group will disclose changes in methodologies or key performance indicators or any other relevant factors that may affect meaningful comparisons when necessary.

Environmental, Social and Governance Report

ABOUT THIS REPORT *(cont'd)*

Reporting Basis and Principle *(cont'd)*

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's relevant policies. A complete content index is appended to the last chapter hereof for quick reference. The Report is prepared and published in both Chinese and English on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.xjsx.net.cn). In the event of contradiction or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

Review and Approval

This Report was approved by the board (the "**Board**") of directors (the "**Directors**") of the Company on 30 March 2026.

Information and Feedback

The Group values your views on this Report. Should you have any suggestions or inquiries about the Report, you are sincerely welcome to contact us.

Xinji Shaxi Group Co., Ltd
Telephone: 86-020-39153461
E-mail: ir@xjdc.com

ABOUT THE GROUP

The Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishing which generate rental revenue in the PRC and is one of the largest operators of hospitality supplies shopping malls in the PRC. We have five shopping malls, including three hospitality supplies shopping malls and two home furnishing shopping malls in Guangzhou and Shenyang, the PRC, led by an experienced management team with a wealth of knowledge in the industry.

With the corporate mission of "To Lead the hospitality supplies industry and create a better life", the Group is committed to promoting the development of the hospitality supplies industry, fostering the development of the hotel industry, catering industry and tourism industry, and providing customers with a more comfortable, greener and quality life experience supported by humane sentiments, together creating a better future.

BOARD STATEMENT

The Group is pleased to present the 2025 Environmental, Social and Governance Report.

The Group remained steadfast in our commitment to sustainable development by putting it as the top priority of our long-term development goals. As the most important leading role of the Group, the Board holds the ultimate responsibility to oversee, manage and monitor the Group's ESG issues and progress.

Environmental, Social and Governance Report

BOARD STATEMENT *(cont'd)*

We have set clear short-term and long-term sustainability visions to achieve the national goal of carbon neutrality before 2060, and established relevant emission reduction and energy saving targets and corresponding strategies to incorporate sustainability considerations into our strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management practices, including reviewing the Group's ESG performance and adjusting the corresponding action plans as needed. Effective ESG policy implementation relies on the cooperation of different departments, to this end the Group has established an ESG Oversight Committee (at management level) and an ESG Working Group (at operational level). The ESG Oversight Committee leads the ESG Working Group, oversees the Group's ESG matters including climate-related issues, and reports regularly to the Board. Meanwhile, the ESG Working Group coordinates various departments to facilitate inter-departmental collaboration and periodically reports ESG issues to the ESG Oversight Committee, ensuring consistent and expected performance outcomes, working together towards the achievement of energy saving and emission reduction targets.

The Group is committed to establishing appropriate and effective risk management and internal control systems to oversee the identification and assessment of ESG and climate-related risks and opportunities. Climate-related factors are integrated into the Group's strategic planning and enterprise risk management framework to address evolving challenges and impacts. Meanwhile, we also value the communication with the stakeholders. We regularly review our communication channels and platforms with our stakeholders to ensure that information flows to capture the concerns of key stakeholders on issues that have a significant impact on our business.

Looking ahead, the Board will continue to review and monitor the Group's ESG performance while also providing stakeholders with reliable, consistent and comparable key ESG information. We will continue to collaborate with stakeholders to promote sustainable development, contributing to the creation of a better environment and society.

ESG GOVERNANCE STRUCTURE

Governance Structure

To continuously enhance the Group's sustainable development framework, the Group has established an ESG governance structure comprising the Board, Audit Committee, Remuneration Committee, ESG Oversight Committee and ESG Working Group. This structure delineates the responsibilities at each hierarchical level to systematically identify, assess and manage ESG issues, including climate-related risks and opportunities, and integrate them into strategic decision-making, business planning, risk management and daily operations. It ensures that relevant objectives and strategies are effectively formulated, implemented, monitored and reported. The Group endeavours to embed ESG considerations into its operations, create sustainable value for stakeholders and fulfil its responsibilities as a corporate citizen.

Environmental, Social and Governance Report

ESG GOVERNANCE STRUCTURE *(cont'd)*

Governance Structure *(cont'd)*

The Group's ESG governance framework is summarised as follows:



Roles and Responsibilities in the ESG Structure

The Board

- Lead and oversee the Group's ESG (including climate-related) strategies, policies, objectives and targets, manage and implement core business values, and bear ultimate responsibility for the Group's ESG matters.
- Oversee climate-related risks and opportunities, ensure the smooth implementation of climate-related initiatives and its full compliance with relevant regulations, and establish a governance mechanism that integrates climate-related risks and opportunities into considerations.
- Review and approve major operational matters (including climate-related strategies and policies), oversee the progress and performance of climate-related initiatives (such as the achievement status of targets), and conduct annual discussions on ESG (including climate-related) matters.

Audit Committee (Board-level)

- Ensure high-quality and timely investor-grade disclosure covering climate-related matters, whilst ensuring compliance with regulatory updates.
- Oversee operational risks, integrate climate-related risks into the enterprise risk management framework, prioritise such risks, and report to the Board annually.
- Follow up on and address non-compliance incidents.

Environmental, Social and Governance Report

ESG GOVERNANCE STRUCTURE *(cont'd)*

Governance Structure *(cont'd)*

Remuneration Committee (Board-level)
<ul style="list-style-type: none"> Formulate and review the Group's overall remuneration framework, remuneration policies and relevant guidelines, ensuring alignment with the Group's strategic and sustainable development objectives. Oversee the implementation of remuneration policies, ensuring fair and transparent remuneration arrangements that comply with applicable regulatory requirements. Report to the Board on an annual basis.
ESG Oversight Committee (Management-level)
<ul style="list-style-type: none"> Composed of Board members and/or senior management of the Group. Oversee the Group's ESG (including climate-related) matters, formulate and review relevant strategies and management approaches. Hold meetings at least twice a year, and report to the Board at least annually or as needed. Exercise overall oversight of ESG matters, including climate-related risks and opportunities, and regularly approve and review ESG (including climate-related) targets and initiatives. Lead and supervise the execution by the ESG Working Group, driving the implementation of the Group's sustainable development strategies.
ESG Working Group (Operational Level)
<ul style="list-style-type: none"> Composed of core members from various departments across the Group. Support the implementation of ESG (including climate-related) action plans and execute internal ESG policies and strategies. Collect ESG (including climate-related) information and data for the regular review of ESG performance. Communicate with stakeholders. Discuss and provide feedback on departmental ESG (including climate-related) risks and opportunities. Hold meetings on a regular basis and as needed, and report KPIs and target progress to the ESG Oversight Committee.

The Group has established mechanisms and procedures for selecting eligible candidates to serve on the Board, ensuring the recruitment and retention of suitable talent. The Group has also formulated dedicated initiatives, including the provision of timely training, to continuously enhance the professional expertise and capabilities of the Board and management in handling climate-related matters.

The ESG Oversight Committee conducts an annual review of the Group's overall ESG (including climate-related) performance and progress against established targets, and submits the review results together with relevant recommendations to the Board. Based on these reported results, the Board exercises oversight to ensure effective implementation of the ESG strategies and its alignment with the Group's overall business direction, thereby continuously enhancing sustainable development performance and governance standards. In addition, the Board is responsible for reviewing and approving the annual ESG report. We endeavour to strike a balance between corporate development, community interests and environmental protection, and to embed sustainable development principles throughout strategic planning and daily operations.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group values the engagement of our stakeholders. Our employees, customers, suppliers and other stakeholders have a significant impact on the success of our business or activities. The relevant stakeholders of the Group are listed in the table below. We actively communicate with stakeholders through different channels to monitor and manage our impact on the environment and society.

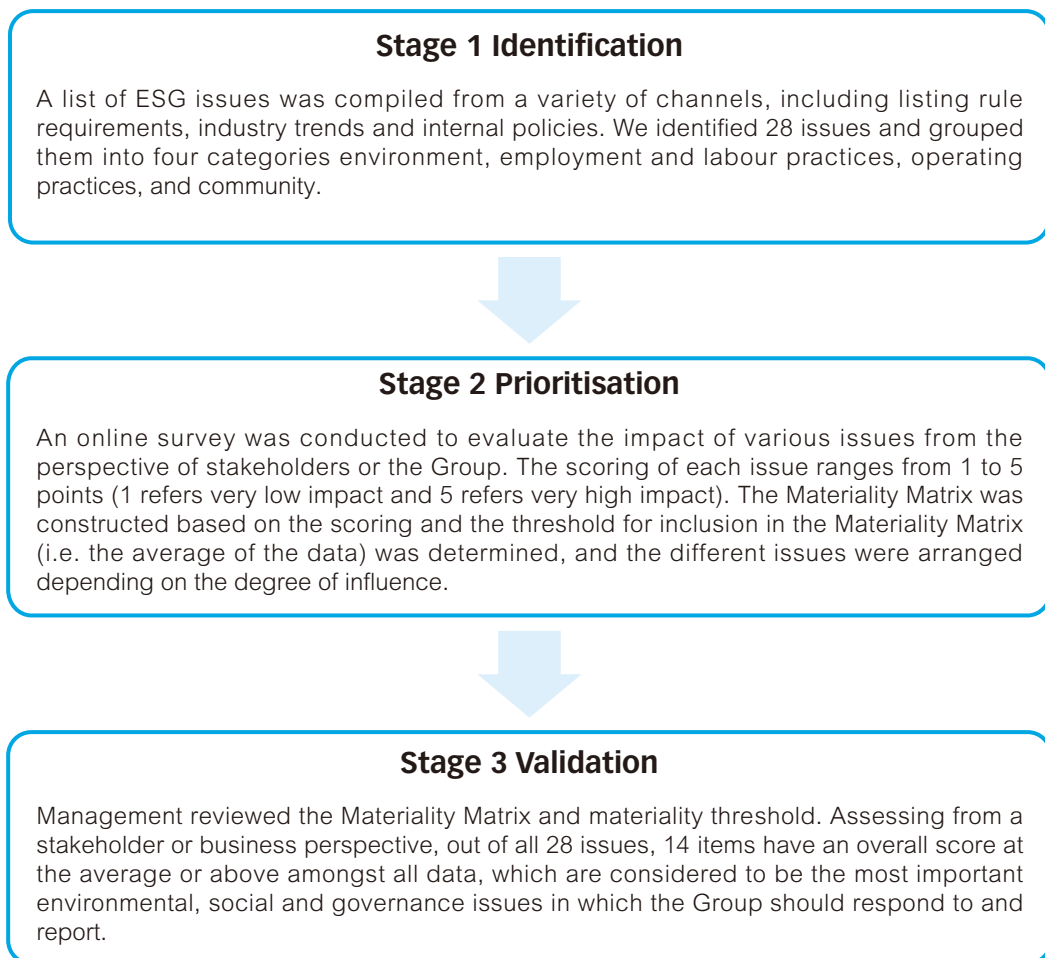
Stakeholder	Issues of Concern	Engagement Platform
Government and Regulatory Authorities	<ul style="list-style-type: none"> To comply with laws and regulations Proper tax payment Promote regional economic development and employment 	<ul style="list-style-type: none"> Annual reports, interim reports, ESG reports, announcements and circulars Websites of the Company and the Stock Exchange
Shareholders and Investors	<ul style="list-style-type: none"> Risk management Return on investment Information disclosure and transparency Protection on shareholders' rights and fair treatment 	<ul style="list-style-type: none"> Annual general meetings and other shareholder meetings Annual reports, interim reports, ESG reports, announcements and circulars Websites of the Company and the Stock Exchange Survey Discussion group
Employees	<ul style="list-style-type: none"> Remuneration benefits Employees' rights Training and development Health and safety 	<ul style="list-style-type: none"> Email Phone calls Meetings Employees' activities Survey
Customers (Tenants)	<ul style="list-style-type: none"> Shopping mall safety Quality service Information transparency Business ethics 	<ul style="list-style-type: none"> Email Customer service hotline Company visits Survey
Suppliers	<ul style="list-style-type: none"> Fair procurement Long-term cooperation 	<ul style="list-style-type: none"> Email Phone calls Meetings Site visits Survey
General Public and Community	<ul style="list-style-type: none"> Community involvement Social responsibilities 	<ul style="list-style-type: none"> Voluntary services Charity donation

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. The management has identified key stakeholders and conducted surveys with them, considering their level of dependence, influence and the availability of resources on the Group. They have expressed their opinions and recommendations on matters arising from the Group's operations. Meanwhile, climate-related risks and opportunities constitute key issues, which can reasonably expect to affect the Group's capital and financial performance in the short-, medium- or long-term.

Process of materiality assessment is as follows:



Environmental, Social and Governance Report

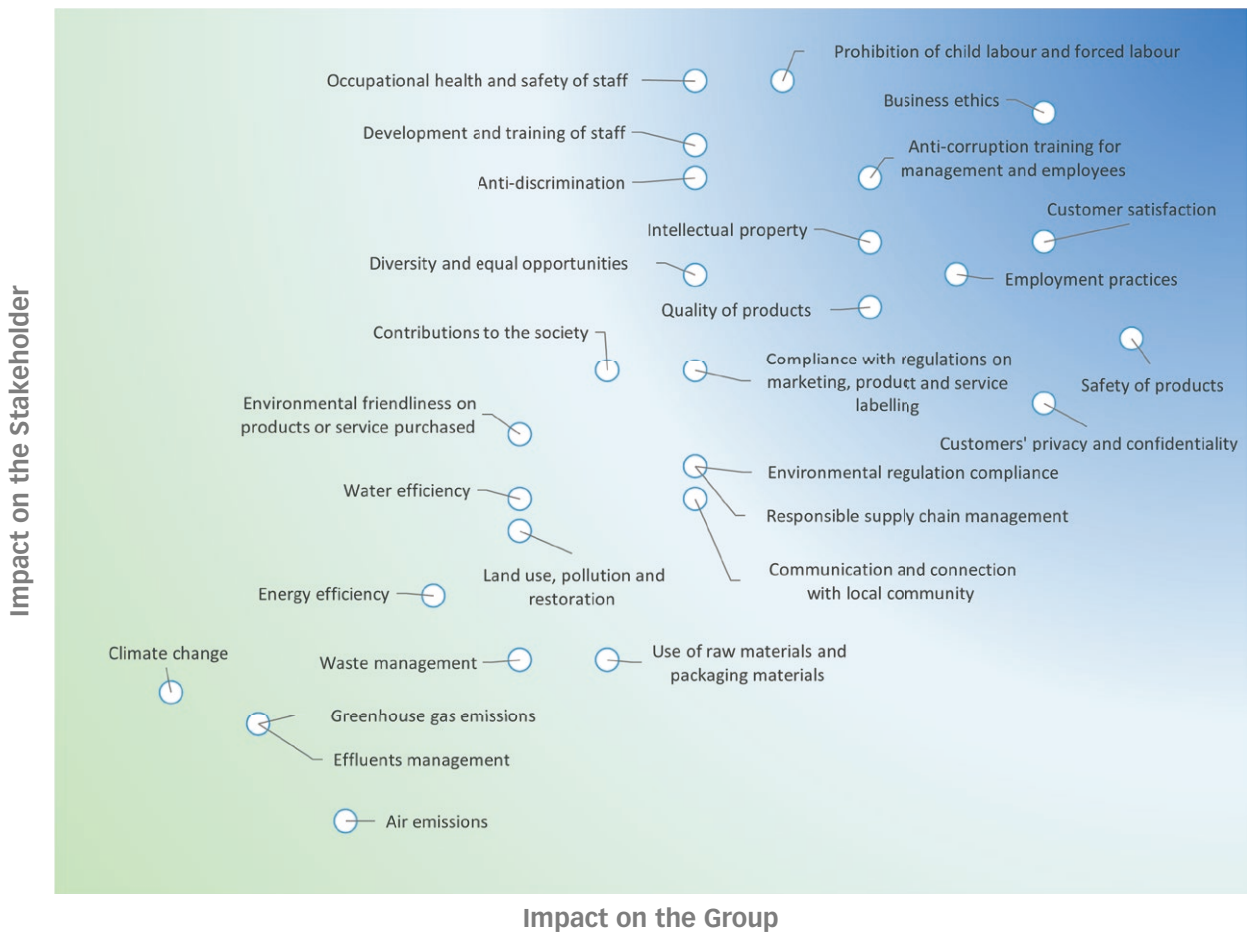
MATERIALITY ASSESSMENT (cont'd)

Results

After the consolidation of the internal assessment and survey results, the Group concluded the 14 most important issues of the Reporting Period:

Employment practices	Diversity and equal opportunities	Anti-discrimination	Occupational health and safety of staff	Development and training of staff	Prohibition of child labour and forced labour	Compliance with regulations on marketing, product and service labelling
Customers' privacy and confidentiality	Customer satisfaction	Intellectual property	Safety of products	Quality of products	Business ethics	Anti-corruption training for management and employees

Materiality Matrix



Environmental, Social and Governance Report

SOCIAL ASPECTS

Employment

General Disclosure

Policies

The Group's Human Resources department has established a comprehensive human resources policy, which has been stated clearly in the Group's *Employee Handbook*, ensuring that every employee understands the relevant rules. The *Employee Handbook* covers sections including employee benefits, professional ethics, overtime policies and promotion and demotion bases. Apart from compliance with the basic labour laws and regulations, the Group has also implemented other human resources policies as needed, including *Reward and Punishment Management Policy*, *Attendance Management Policy*, *Personnel Change Management Policy*, *Salary Management Policy*, *Recruitment Management Policy*, etc. We are providing benefits higher than the legal requirements to recruit and retain top talent and develop a first-class team.

Remuneration

The Group regards employees as our important asset. We have established the Group's *Remuneration Management Policy* under the regulations of the *Labour Contract Law of the PRC* and used such to standardise the definition of remuneration and enable employees to fully understand such concept. We provide employees with competitive remuneration, including wages, subsidies, seniority wages, attendance awards, benefits, year-end awards, etc. The Group establishes employee remuneration policy based on the general market environment and practices, employee responsibilities, and the Group's financial capabilities. The Group's *Remuneration Management Policy* is developed based on the position-level salary system, with the objective of establishing internal wage comparability between the various grades and categories. Under the position-level salary system, the Group refers to the salary level of enterprises of the same scale in the same industry, determines the salary of employees by the corresponding rank of the employed position in the salary system, and links the performance salary with the Group's income and performance results.

Recruitment

The Group has established the *Recruitment Management System* and strictly abides by regulations of equal opportunity, multiculturalism, and anti-discrimination in terms of recruitment. We implement equal competition, merit-based recruitment, as well as seek for talented candidates with good moral character and avoid relatives hiring which might affect the fairness of the employment. We adhere to the principle of fairness and openness, recruit excellent and applicable talents, and eliminate differential treatment or discrimination due to factors such as race, gender, region, social class, religion and political party, etc. The Group did not employ underaged employees and forced labour nor pay below the minimum wage.

Dismissal

The Group respects the autonomy of its employees, who are free to choose whether or not to maintain labour relations with the Group at the time of termination of employment. The Group does not force any employee to make any decision on labour relations against their will.

Promotion

The Group attaches great importance to the work performance of employees and encourages employees to work proactively. We have also created a wide range of promotion opportunities for our staff. Promotion opportunities can be provided for employees with excellent performance and ability to engage in higher positions upon recommendations made by their department heads and being approved.

Environmental, Social and Governance Report

SOCIAL ASPECTS *(cont'd)*

Employment *(cont'd)*

General Disclosure (cont'd)

Working hours and rest periods

Staff working hours are strictly set following local laws and the Group's regulations. According to the Group divisions' arrangement, the working hours of the staff are 8 hours per day, 40 hours per week and the employees are entitled to 2 days off each week. On the other hand, the Group considers the needs of employees, in addition to statutory holidays prescribed by the national government, the Group also provides annual leave, sick leave, personal leave, work injury leave, marriage leave, maternity leave, family planning leave, paternity leave, breastfeeding leave, compassionate leave and parent conference leave.

Diversity, equal opportunities and anti-discrimination

We have an equality policy and are committed to ensuring fair treatment in the recruitment, retention, training and development of our employees. We are committed to ensuring that employees declare any family relationship when applying for a position to maintain transparency and fairness. The Group has adopted a Board Diversity Policy guiding the Board to achieve a more diverse composition of Board members. All Board members are appointed on the principle of meritocracy. With the assistance of the Nomination Committee, the Board will assess various aspects when considering the nomination and appointment of Directors, including but not limited to gender, age, race, language, skills, knowledge, qualifications and educational background, ethnicity, professional experience, cultural background of the candidates from a wide range of perspectives.

The Nomination Committee is responsible for reviewing the Board Diversity Policy and monitoring its implementation to ensure the effectiveness of the policy annually. Besides, the Nomination Committee will discuss any amendments that may be required to the policy and recommend any relevant amendments to the Board for its consideration and approval. The value of diversity, equal opportunities and anti-discrimination apply to all aspects in human resource management, including but not limited to recruitment, promotion, transfer, job assignment, rewards and benefits, training and development etc.

Benefits and welfare

The Group has always placed great importance on employees' well-being. We are committed to providing employees with competitive remuneration packages and benefits in order to attract and retain talents. If employees work overtime due to work needs, they can get overtime compensation leave after making applications according to the attendance management procedure and obtaining the approval. Besides, the Group will issue year-end bonuses based on the operating conditions and financial performance of the year, the completion of annual goals and individual year-end performance assessments. On the other hand, the Group also purchases social insurance for employees under national regulations, including pension insurance, unemployment insurance, work injury insurance, maternity insurance, medical insurance and serious illness insurance. In addition to the above benefits, the Group also provides other allowances according to the circumstances, including holiday allowance and visitation subsidies.

To further enhance employees' sense of belonging, the Group also plays a proactive role in employee care. For example, we arrange physical examinations for employees from time to time under the relevant national regulations, and organise employees' outings, cultural and recreational activities based on the busyness of work and business operating conditions, ensuring the physical and mental well-being of its employees.

Environmental, Social and Governance Report

SOCIAL ASPECTS *(cont'd)*

Employment *(cont'd)*

General Disclosure *(cont'd)*

Benefits and welfare *(cont'd)*



Staff Outings



Staff Birthday Events



Staff Birthday Parties



Works Council Summer Refreshment and Welfare Campaign

Environmental, Social and Governance Report

SOCIAL ASPECTS (cont'd)

Employment (cont'd)

General Disclosure (cont'd)

Compliance information for relevant laws and regulations

In order to remain competitive in the industry, the Group is committed to maintaining the professionalism of our team. The Group complies with laws and regulations relating to labour and social security in the PRC, including but not limited to:

- *Labour Contract Law of the PRC* stipulates that the labour contract must be drawn up in writing. After consultation and consensus, employers and employees can enter into labour contracts with fixed or non-fixed terms, while in other cases that meet statutory conditions, employers can terminate labour contracts and dismiss their employees. Violations of relevant laws and regulations can result in warnings, fines, and revocation of business licenses. If the circumstances are serious enough to constitute a crime, criminal liability may be pursued;
- *Labour Law of the PRC* stipulates that the employing unit shall establish and improve their internal policies under the law to ensure that workers are entitled to their labour rights and perform their labour obligations. A labour contract should be set when establishing a labour relationship. Violations of relevant laws and regulations may result in warnings, fines, and revocation of business licenses. In cases where serious misconduct constitutes a criminal offence, criminal liability may be pursued;
- *Provisional Regulations on Collection and Payment of Social Insurance Premiums* stipulates that the enterprise shall provide its employees with welfare plans including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Violation of relevant regulations may result in fines; and
- *Regulation on the Administration of Housing Accumulation Funds* stipulates that the enterprise shall contribute to the Housing Provident Fund for its employees. Violation of relevant regulations may result in fines.

The Group has established a series of human resources policies and actively enhanced the relevant policies to ensure that the rights and interests of employees are being protected. During the Reporting Period, the Group was not aware of any significant violations of laws and regulations that have a significant impact on us.

Environmental, Social and Governance Report

SOCIAL ASPECTS (cont'd)

Employment (cont'd)

Total number of employees by gender, employment type, age group and geographical region

The distribution of the Group's employees is as follows:

As at 31 December	2025	2024
By Gender		
– Male	178	178
– Female	81	82
By Age Group		
– Below 30	32	28
– 30-50	189	201
– Above 50	38	31
By Employment Type		
– Full time	259	260
– Part-time	0	0
By Geographical Region		
– Hong Kong	2	2
– The PRC	257	258
Total	259	260

Employee turnover rate by gender, age group and geographical region

The turnover rate¹ of the Group is as follows:

	2025 No. of turnover (turnover rate)	2024 No. of turnover (turnover rate)
By Gender		
– Male	24 (13%)	52 (29%)
– Female	2 (2%)	14 (17%)
By Age Group		
– Below 30	4 (13%)	20 (71%)
– 30-50	20 (11%)	43 (21%)
– Above 50	2 (5%)	3 (10%)
By Geographical Region		
– Hong Kong	1 (50%)	0 (0%)
– The PRC	25 (10%)	66 (26%)
Overall	26 (10%)	66 (25%)

¹ Turnover rates were calculated by dividing number of employees left in the corresponding employee category with total number of employees in the corresponding category in the end of the Reporting Period.

Environmental, Social and Governance Report

SOCIAL ASPECTS (cont'd)

Health and Safety

General Disclosure

Policies

The Group has established *Employee Safety Management Policy* and stipulates in the "Basic Requirements" chapter that new employees must complete safety management training and pass the assessments before work commencement, thereby raising employees' safety awareness and self-protection skills. For employees reassigned due to operational requirements, they are required to undergo professional safety training for their new roles and pass the corresponding assessments to ensure they possess the necessary safety operation skills before commencement of work. Besides, in order to strengthen the safety management of the vehicles of the Group, raise the safety awareness of drivers, prevent and reduce the occurrence of traffic accidents, the *Driver Safety Management Measures* has been established to regulate the safety precautions of drivers at work.

Meanwhile, the Group also attaches great importance to the impact of the office environment on employees' health. In order to improve the work efficiency of employees and establish a good corporate image, the Group has established the *Environmental Protection Management Measures*, which sets out specific requirements for environmental maintenance, cleaning standards and environmental protection measures at its office premises. These regulations are also included in the Employee Handbook, requiring all employees to comply with them.

Compliance information on relevant laws and regulations

The Group must comply with relevant laws and regulations, including but not limited to:

- Labour, Safety and Hygiene, Chapter 6 of the *Labour Law of the PRC*
This chapter stipulates that employers must establish comprehensive labour safety and health policies. They must strictly implement national labour safety and health regulations and standards, provide labour safety and health education to workers, prevent accidents at work, and reduce occupational hazards; and

- *Law of the PRC on the Prevention and Treatment of Occupational Diseases*

The law stipulates that employers should create a working environment and conditions for workers that meet national occupational health standards and hygiene requirements, and take measures to ensure that workers receive occupational health protection, strengthen the management of occupational disease prevention and control, improve the level of occupational disease prevention and control, and assume responsibility for the occupational disease hazards generated by the unit.

During the Reporting Period, there were no significant violations of laws and regulations that had a significant impact on the Group.

Number and rate of work-related fatalities

For the past three years including the Reporting Period, the Group had no work-related fatalities, and the rates were 0%.

Lost days due to work injury

During the Reporting Period, the number of lost days due to work injury of the Group was 0.

Occupational health and safety measures adopted and related implementation and monitoring methods

In order to ensure that the Group can effectively implement the national labour safety and health regulations and standards in its main business, a safety production management leading group was established to provide individual employees with specific operational instructions for production safety and supervise the implementation. During the Reporting Period, the Group organised a total of 12 safety trainings for an aggregate of 83 participants, including employees from customer service, engineering and security.

The Group is committed to providing employees with a high-quality office environment for its employees and has implemented various measures to safeguard their physical and mental well-being. These measures include regularly ventilation of office areas to maintain good air quality, as well as routine cleaning, disinfection and pest control to effectively prevent the growth of germs. In addition to maintaining a positive working environment, this enhances employees' sense of security and allows them to concentrate more on their work.

Environmental, Social and Governance Report

SOCIAL ASPECTS (cont'd)

Development and Training

General Disclosure

Policies

The Group has established the *Training Management Policy* to standardise the Group's employee training and establish a sound and systematic employee training system. We encourage employees to strive for improvement and continuous learning and believe that the quality of employees plays an important role in driving business development. Considering the continuous and stable development of employees, we continuously improve the professional competence and work skills of employees through diversified training to achieve our goal of providing the Group with various management and professional staff, while at the same time ensuring employees can be benefited, thus achieving a win-win situation.

We have arranged relevant training according to the needs of different employees, including but not limited to, corporate culture, internal control workflow, fire safety knowledge, time management, corporate self-media promotion, workplace integration and emotion management. In order to effectively gauge staff's views and suggestions on the training programmes, we have set up a *Training Effectiveness Feedback and Evaluation Form* and invited our staff to provide feedback on the learning outcomes, course content, and the professional competence of the instructors. This enables us to enhance our training programmes and provide trainings with higher quality in the future.

Percentage of trained employees by gender and employee category

During the Reporting Period, there were in total 128 employees participated in different types of trainings, accounting for 49% of the total number of employees in the Group. The number of trained employees and corresponding percentage² by gender and employee category are as follows:

	2025 Number of trained employees (corresponding percentage)	2024 Number of trained employees (corresponding percentage)
By Gender		
– Male	92 (52%)	80 (45%)
– Female	36 (44%)	34 (41%)
By Employee Category		
– President (including Vice President)	3 (100%)	3 (100%)
– Project Manager	2 (67%)	0 (0%)
– Head of Centre	4 (80%)	0 (0%)
– Director (including Deputy Director)	12 (100%)	2 (15%)
– Manager (including Deputy Manager)	16 (50%)	17 (55%)
– Supervisor	24 (59%)	27 (63%)
– Commissioner/Assistant	43 (56%)	45 (53%)
– Security Guard	24 (28%)	20 (27%)
Overall	128 (49%)	114 (44%)

² Percentage of trained employees were calculated by dividing number of trained employees in the corresponding employee category with total number of employees in the corresponding category at the end of the reporting period.

Environmental, Social and Governance Report

SOCIAL ASPECTS *(cont'd)*

Development and Training *(cont'd)*

Average training hours per employee by gender and employee category

During the Reporting Period, the Group provided a total of 848 training hours. The average training hours³ per employee by gender and employee category are as follows:

	2025 Training hours (average training hours)	2024 Training hours (average training hours)
By Gender		
– Male	643 (3.61)	1,209 (6.79)
– Female	205 (2.53)	434 (5.29)
By Employee Category		
– President (including Vice President)	3 (1.00)	3 (1.00)
– Project Manager	0 (0.00)	0 (0.00)
– Head of Centre	0 (0.00)	0 (0.00)
– Director (including Deputy Director)	20 (1.67)	30 (2.31)
– Manager (including Deputy Manager)	102 (3.19)	206 (6.65)
– Supervisor	180 (4.39)	358 (8.33)
– Commissioner/Assistant	382 (4.96)	677 (7.96)
– Security Guard	161 (1.87)	369 (4.92)
Overall	848 (3.27)	1,643 (6.32)

Labour Standards

General Disclosure

Policies

The Group does not tolerate the employment of underage or forced labour. This principle has been incorporated into the Group's *Recruitment Management Policy*, which stipulates that the Group prohibits the recruitment of child or forced labour. Additionally, the "Labour Contract Signing" section of the Group's *Employee Handbook* states that the Group and the qualified employees sign the *Labour Contract* on the basis of equality, voluntariness and consensus.

Compliance information on relevant laws and regulations

The Group has complied with relevant laws and regulations, including but not limited to Article 15 which is the "Employment Promotion" section of the *Labour Law of the PRC* which prohibits employers from recruiting minors under 16 years of age, and Article 3 of the "General Provisions" of the *Labour Contract Law of the PRC* stipulates that the conclusion of labour contracts should follow the principles of lawfulness, fairness, equality, voluntariness, consensus and honesty. During the Reporting Period, the Group did not have any relevant significant violations.

³ The average training hours were calculated by dividing the training hours in the corresponding employee category with the total number of employees in the corresponding employee category at the end of the Reporting Period.

Environmental, Social and Governance Report

SOCIAL ASPECTS (cont'd)

Labour Standards (cont'd)

General Disclosure (cont'd)

Description of measures to review recruitment practices to avoid child and forced labour

According to the "Joining Guidelines" in the Group's *Employee Handbook*, new employees must provide their personal information including identity cards upon reporting for duty. The Group performs checking to ensure that the relevant persons are legally eligible to work. During the Reporting Period, the Group was not aware of any non-compliance relating to child labour or forced labour.

If any child or forced labour is discovered, the Group will promptly follow through with necessary investigation and remediate the issue accordingly.

OPERATING PRACTICES

Supply Chain Management

General Disclosure

The main suppliers of the Group are construction contractors and advertising companies for the shopping malls in Guangzhou and Shenyang. The Group makes its purchasing decisions based on the factors such as supplier's past service records, pricing, suitability and reputation. In order to manage the environmental and social risks associated with suppliers, the Group has established a series of procedures for supplier selection and evaluation processes which are applicable to all suppliers.

Supplier Selection Criteria and Procedures

In terms of supplier management, the Group has established the *Supply Conformity Assessment Guidelines* to regulate the requirements for new suppliers in becoming qualified suppliers. In addition to conditions such as complete certification, law-abiding operation, good reputation, advanced technology and sufficient capital, we place great emphasis on the performance of suppliers in the past years. For example, there must be no major quality, safety accidents, and no serious customer complaints during this period. After completing the survey and evaluation of the basic information of the supplier, if it is assessed that the requirements of the Group are met,

on-site inspection and evaluation will then be conducted for the supplier. During the on-site inspection, the Group mainly checks the authenticity of the collected data, the scale of the enterprise, the status of the enterprise's quality management and operation, and then evaluates the supplier in various aspects. A potential candidate can only become a qualified supplier after carefully reviewing, appraising and approving the evaluation results by the Group.

The Group promotes fair and open competition. The decision to hire services and purchase materials is based on price, quality, past service records, needs, etc. When selecting a supplier, if the subcontracting (procurement) business involved exceeds the amount as defined in related policies, the appropriate supplier must be selected through tendering. We have established the *Purchasing Policy and Procedures-Tendering (Procurement) Management Policy* to provide a clear definition of the situation in which supplier selection by tendering is required. Also, we choose environmentally preferable products whenever practicable.

Besides, the *Sunshine Agreement* was established to ensure that the supplier and the Group can maintain an honest and self-disciplined work style in the process of performing contracts, prevent various improper acts, and protect the legitimate interests of both parties effectively, so that the two parties can establish long-term cooperative relations. The agreement provides a clear definition of the proper code of conduct.

Qualified Supplier Performance Evaluation and Management

In terms of supplier performance, the Group performs supplier performance evaluations by the end of each year in accordance with the *Supplementary Performance Evaluation Guidelines* established. The Group updates the *List of Qualified Suppliers* based on the assessment results. If any supplier has its assessment results as "unqualified", it will be disqualified from the *List of Qualified Suppliers*. Besides, the Group has also established a "Blacklist" system. Any bidder that violates integrity requirements will be included in the Blacklist after approval by the Group President. The suppliers on this list will never be allowed to undertake any projects of the Group.

Environmental, Social and Governance Report

OPERATING PRACTICES (cont'd)

Supply Chain Management (cont'd)

Qualified Supplier Performance Evaluation and Management (cont'd)

During the Reporting Period, the number of suppliers of the Group was 85. The following is a list of suppliers by geographical region:

Geographical Region	Supplier Type	Number
Guangdong Province	Construction	18
	Advertising	8
	Service	38
Liaoning Province	Construction	8
	Advertising	4
	Service	8
Beijing	Service	1
Total		85

Project Responsibility

General Disclosure

Overview

The Group is committed to operating malls with a responsible attitude, providing tenants with a safe and comfortable environment, and enhancing the shopping experience for consumers. The Group mainly focuses on the management of three aspects which are shopping mall security, privacy protection, and customer service and complaint handling.

Shopping mall safety

The Group pays great attention to the safety of the shopping mall and establishes the *Management Manual of the Engineering Department*, which formulates the relevant management guidelines for the Group's Fire Monitoring Center to standardise and ensure that the center can fulfil its role as the first line of defence in fire control. According to the Manual, the fire protection system shall be staffed and monitored 24 hours per day, and a strict handover system must be implemented with duty records completed. In addition, the control cabinets, display screens, signal lights and control circuits should always be maintained in good condition and ensure that all types of operation buttons and control levers should be set to automatic mode. These measures aim to ensure the proper functioning of the fire protection system to safeguard the safety of the shopping mall.

Environmental, Social and Governance Report

OPERATING PRACTICES *(cont'd)*

Project Responsibility *(cont'd)*

General Disclosure (cont'd)

Shopping mall safety (cont'd)

In accordance with relevant laws and regulations, the Group organised a total of 13 fire drills during the Reporting Period. The participants included employees from customer service, engineering and security, which comprised a total of 106 employees. The content of the drill includes familiarising with the methodology on arriving at the meeting place in an orderly and fastest manner, learning to use fire equipment properly and proficiently, checking the condition of the fire equipment including their expiration date, and holding debriefing sessions to evaluate the performance of the drill and provide improvement suggestions.

Privacy protection

The Group regards the protection of its own and customer information as a fundamentally important code. Any lapses in this link can cause damage directly to the Group's reputation and thus affect customers' confidence in the Group. In order to let every employee understand its importance, a chapter on confidentiality was specifically created in the Group's *Employee Handbook*. It clearly states the scope of confidentiality involved covers multiple areas, including but not limited to the following issues:

- Confidential matters in major Group's decisions;
- Contracts, agreements, letters of intent, important meeting records, meeting minutes, etc. within the Group;
- Business strategies, directions, plans, projects and decisions that the Group has not yet implemented;
- Relevant documents reflecting the financial status of the Group;
- Personnel file information of the Group's employees; and
- The Group's customer information.

In order to comply with relevant laws and regulations and the Group's policy requirements, the key confidentiality measures regulated by the Group in the *Employee Handbook* include:

- All confidential documents and materials belonging to the Group should be affixed with secret seals by all departments, and be kept by a designated personnel in a unified manner;
- Documents are not allowed to be copied and extracted without the approval of the supervisor;
- Assign a designated personnel to be responsible for sending, receiving, transferring and delivering documents and materials;
- Register and sign as records when issuing and borrowing documents, returning them in time after use. Documents are not allowed to be borrowed, destroyed or sold without authorisation, and shall not be read by persons without reading authority;
- Encryption measures should be taken for the files saved on the computer;
- When there are needs to provide information in external exchanges and cooperation, employees must obtain the approval of the supervisor in charge before proceeding;
- Do not divulge the Group's secrets in private meetings, communications, and telephone calls; and
- Do not divulge departmental confidential matters in chats with colleagues from other departments.

Environmental, Social and Governance Report

OPERATING PRACTICES (cont'd)

Project Responsibility (cont'd)

General Disclosure (cont'd)

Customer service and complaint handling

The Group attaches great importance to feedback from customers and actively follows up on customer complaints. We strive to enhance customer satisfaction by boosting the quality of customer complaints handling and feedback, safeguarding the legitimate interests and rights of customers, merchants and the Group effectively, and improving the service quality of the merchants' business operating environment in the market. The Group has established the *Customer Complaint Management Policy* to improve the service management of the Group, to standardise complaint handling methodologies and provide clear guidelines for employees.

Customer complaint management is basically coordinated by the Operation Manager and led by the Operation Management Department. The department is responsible for receiving complaints, recording and forwarding complaint information. The Operations Management Department will ensure that relevant departments address complaints promptly. After completing the handling process, follow-ups will be conducted, and related data will be properly archived. Employees should not shirk their responsibility when receiving complaints, all complaints should be politely received and handled with care. Responsible employees should listen to the content of the complaint patiently, appease the complainant promptly, and analyse the complaint case calmly. For complaints that can be resolved immediately, employees should provide prompt responses and treat every customer's complaint with equal importance. The content of the complaint needs to be understood in detail, factually recorded, and the relevant information should be distributed in time to the responsible department for follow-up actions. Persons in charge of various departments should be fair, honest and responsible when handling complaints.

If the content of the complaint is inconsistent with the facts or beyond the scope of the property management service after investigation, it should be reasonably explained to the customer with patience to eliminate the customer's doubts as much as possible. Responsible employees should notify the management for instructions of the follow-up actions. Complaint handling records should be summarised and analysed regularly in order to ensure lessons are learned, and to make suggestions for improvement. Customer complaints should be regarded as the best job monitoring opportunities. We make efforts to improve service quality, setting the work-centric goal to fulfil customer needs, and to improve customer satisfaction effectively.

During the Reporting Period, we did not receive any complaints related to the shopping mall rental service that had a significant impact on the Group.

Compliance information on relevant laws and regulations

As the operator of the shopping mall, the Group must comply with the laws and regulations in the following fields, including but not limited to:

Shopping Mall Safety

- According to the *Fire Control Law of the PRC*, agencies, organisations, enterprises, institutions and other units should fulfil fire safety responsibilities, including the organisation of fire drills. If not, such venues shall not be put in use or business. Otherwise, the construction unit or the user unit will be ordered to halt the construction, usage, production or operation, and impose a fine of RMB30,000 to RMB300,000;

Environmental, Social and Governance Report

OPERATING PRACTICES (cont'd)

Project Responsibility (cont'd)

General Disclosure (cont'd)

Compliance information on relevant laws and regulations (cont'd)

Shopping Mall Safety (cont'd)

- According to the *Law of the PRC on the Protection of Consumer Rights and Interests*, operators of hotels, shopping malls, restaurants, banks, airports, stations, ports, theatres, and other business premises should fulfil their safety obligations to consumers; and
- According to the *Interpretation of the Supreme People's Court of some Issues concerning the Application of Law for the Trial of Cases on Compensation for Personal Injury*, where a natural person, legal person or any other organisation, who engages in the business of accommodation, catering or entertainment, etc. or carries out other social activities, fails to perform the security guaranty obligation within a reasonable scope, causing any other person to suffer from a personal injury, the obligor, therefore, bears the corresponding compensation liabilities.

The Group has established and actively improved relevant policies to ensure the safety of tenants and other personnel in the shopping mall. During the Reporting Period, the Group was not aware of any major violations of laws and regulations that have a significant impact on us.

Anti-corruption

General Disclosure

The Group requires employees to abide by ethical standards, establish and maintain an overall ethical culture within the Group. The Board also ensures that the Group operates the business with a high degree of integrity.

Policies

In order to strengthen the internal management and supervision of the Group, safeguard the legitimate rights and interests of the Group, ensure the healthy development of business activities, comply the relevant national audit regulations and take into account the actual situation of the Group, an *Audit Supervision Policy* and an *Audit Confidentiality System* have been established. The Group has set up an Audit Department to perform supervision on behalf of the Group. The Audit Department

is under the leadership of, and is required to report to, the Audit Committee of the Company. During the auditing process, if the Audit Department finds serious violations of laws, regulations, rules of the Group and regulations, and causes serious losses or waste, the monitoring process will be initiated. According to the system, the Audit Department has the right to investigate the risks, problems, complaints, and reports of various departments and subsidiaries of the listed company, and the relevant personnel must explain the issues being discovered.

On the other hand, to further standardise the management definition of corruption prevention and related crimes, the Group has established the *Corruption Prevention and Punishment Management Policy*, which provides clear definitions of corruption and related behaviour, including but not limited to: (1) soliciting bribes from merchants, distributors, suppliers and employees, or accepting bribes (kickback) from clients, distributors, suppliers and employees; introducing bribes for others or arranging any form of improper transfer of benefits; (2) accepting bribes in disguise, including but not limited to accepting any benefits and property from merchants, distributors, suppliers, and construction contractors in occasions such as wedding or funeral, or taking bribes or kickback in the name of gambling, borrowing, credit card repayment, and other names etc.; (3) misappropriation, illegal possession or distribution of the Company's property (including funds, intangible assets, products, gifts, equipment and office supplies, etc.); illegal possession includes but not limited to theft, etc.; illegal distribution includes but not limited to bartering away, gifting, mortgaging and pledging, etc.; deliberate concealment and fabrication of transactions, including but not limited to repurchase of sales, and fictitious sales information and Company's employees, etc.; and (4) abuse of power, use the position to provide or seek any form of improper benefits to/from the other parties.

The Group has also established the *Xinji Shaxi Senior Management Accountability System* to improve and strengthen the sense of responsibility of the senior management, establish an accountability mechanism and prevent any kinds of misconduct and dereliction of duty.

The Group will implement corresponding punishment measures according to the amount involved in the case. The punishment includes unconditional termination of the labour contract relationship and transfers to the judicial office.

Environmental, Social and Governance Report

OPERATING PRACTICES (cont'd)

Anti-corruption (cont'd)

General Disclosure (cont'd)

Compliance Information on Relevant Laws and Regulations

The Group strictly abides by the anti-corruption related laws and regulations in the PRC and Hong Kong, including but not limited to the *Criminal Law of the PRC* and the *Prevention of Bribery Ordinance* of Hong Kong.

- The *Criminal Law of the PRC* regulates the criminal conduct of bribery acceptance and bribery in commercial transactions. Violation of relevant regulations may result in fines, imprisonment, or criminal detention; and
- The *Prevention of Bribery Ordinance* of Hong Kong prohibits all forms of corruption and bribery. Any Director or employee is prohibited from extorting, accepting or offering any bribes while conducting company business or affairs in Hong Kong or elsewhere. Violation of relevant regulations may result in fines and imprisonment.

The Group has established and actively improved relevant policies and preventive measures. During the Reporting Period, the Group did not have any major non-compliance matters in this regard, and there were no corruption cases brought against and concluded by the Group or our employees.

Preventive Measures, Reporting Procedures and Related Implementation and Monitoring Methods

We strive to maintain an honest and self-disciplined working culture, preventing all kinds of improper behaviour, and protecting the legitimate interests of both parties effectively, ensuring the two parties can establish long-term cooperative relations. The Group specifically established the Group's *Sunshine Agreement*, which clearly stated that the Group's employees or partners who have signed agreements must not bribe or accept bribes in any form, such as giving cash gifts, marketable securities, gift cards, stored-value cards and other valuables to the employees or relatives of the other parties; reimbursing personal expenses for the employees or relatives of the other parties; inviting employees or relatives of the other parties to travel and enter business entertainment place; providing convenience for the employees or relatives of

the other parties in relation to house decoration, weddings and funerals, work arrangements of families and children, and assistance to travel abroad, etc. If the staff of the other parties is found to have violated the agreement, they should be reported to its respective company. If the report is verified to be true, the person responsible for the violation will be subject to economic or administrative penalties and those who violate the law will be transferred to the judicial office.

Besides, in order to prevent employees from violating rules, regulations and laws, and to implement anti-corruption work effectively to prevent corruption, bribery, and other violations of the law, the Group has established the *Letter of Integrity and Self-discipline Commitment of the Group Staff with Key Positions*. The *Commitment* clearly defines employee ethics including integrity, honesty, positive reflection, complaining and reporting all kinds of corruption as well as providing information to the Group on assisting related audit investigations. The *Commitment* also clearly stated that those responsible for corruption will be held accountable strictly according to the relevant mechanisms of the Group. Moreover, the Group organises anti-corruption trainings on a regular basis to enhance the integrity and compliance management skills of its staff, aiming to continuously raise their awareness of integrity and self-discipline. During the Reporting Period, the Group organised dedicated anti-corruption trainings for all Directors and selected employees, ensuring their comprehensive understanding and compliance with applicable anti-corruption laws, regulations and internal policies.

The Company has established a whistle-blowing system. If there is a corruption complaint, the whistleblower can report to the Group's Audit Department, the Audit Committee or the Board by phone or email in a real name or anonymously. Designated personnel would be appointed by the Audit Committee or the Board to carry out a targeted investigation into the case. If other units within the Group receive complaints and report information, they should also forward them to the Audit Department promptly and keep them strictly confidential. The Group has formulated supervision work mechanism and established a patrol audit team to conduct patrol audit which gives supervision on the business and management activities of our business units irregularly, and is also responsible for accepting complaints and reports on the spot, and carrying out on-site investigations.

Environmental, Social and Governance Report

OPERATING PRACTICES (cont'd)

Community Investment

General Disclosure

To further standardise the Group's community investment activities, strengthen the management of the Group's external contributions, better fulfil the Group's social responsibilities and obligations on the basis of fully safeguarding the interests of shareholders, creditors and employees, promote, and enhance the Group's brand and image effectively, the Group has established the *Community Investment Management Measures*. The Group contributes corporate efforts, assumes social responsibilities and obligations, as well as actively participates in social welfare activities, including but not limited to cultural heritage, poverty alleviation, and elderly caring. On the other hand, the Group makes contributions to disaster areas and vulnerable groups, supports the resumption of production, life relief, and promotes humanitarianism to create a healthy and harmonious society. To this end, the Group supports the establishment of volunteer organisations to help people in need through voluntary work or volunteer organisation activities, thereby improving people's living environment, and adhere to the purpose of helping each other to improve the society.

Focus Areas of Contribution and Resources Contributed

During the Reporting Period, the Group continued to focus on community welfare, committed to promoting social well-being and actively allocating resources to support various public welfare activities. Our key areas of contribution included poverty alleviation and holiday donations, aiming to give back to society and spread warmth and care through tangible actions. During the Reporting Period, staying true to its original aspirations and caring for local communities, the Group, together with its employees, actively organised a wide range of community welfare initiatives to give back to society and fulfil its corporate responsibilities through concrete actions. The Group funded and donated materials for dragon boat activities in Shangjiao Village, supporting the inheritance of Lingnan Dragon Boat Intangible Cultural Heritage, fostering community cohesion and promoting traditional culture. The Group also provided elderly care donations to senior residents in Shangjiao Village, upholding the virtue of respecting the elderly and delivering care and warmth to the ageing population. In addition, the Group donated charitable supplies to Shaxi Village to address residents' daily needs and enhance people's well-being. These philanthropic endeavours have not only strengthened ties between the enterprise and local communities, but also fully demonstrated the Group's social compassion and accountability, reflecting its firm commitment to advancing integrated development between the Group and rural community.

The detailed resources used are as follows:

	Unit	2025	2024
Total donation amount (Mainland China)	RMB	1,362,228	231,440



Dragon Boat Donation for Shangjiao Village



Donation Activities for Shaxi Village

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS

Overview

Despite the low impact of issues under the environmental subject area on the Group and relevant stakeholders, we are committed to mitigating the impact of our operations on the environment. The operation of shopping malls mainly involves energy consumption, in particularly energy-intensive equipment such as lighting and air-conditioning, and does not generate significant emissions or wastes. Therefore, we have established the Group's *Environmental Protection Management Methods*, which aims to implement various environmental protection works in an orderly manner, including actively promoting energy conservation and environmental protection, implementing, supervising and managing environmental protection works such as resources protection and pollution prevention, and continuously improving and committing to waste reduction which mitigates the impact on the environment.

In line with the national policy on energy conservation and emission reduction, we have set clear emission reduction targets: 1) the short-term target is to reduce all emissions (including air pollutants, greenhouse gases, hazardous and non-hazardous waste, and sewage), energy use (including electricity and heat), and resource consumption (including water and paper) by 5%, with the base year of 2021 by 2026; 2) the medium-term target is to reduce by 25%, with the base year of 2021 by 2036; and 3) the long-term target is to achieve carbon neutrality before 2060.

During the Reporting Period, the Group continued its co-operation with photovoltaic investment company, and purchased electricity from its photovoltaic facility operator, as well as from the national grid. Looking forward, the Group will gradually adopt renewable energy and use energy efficiency products to maintain steady progress and promote green development.

Emissions

General Disclosure

Policies and information on laws and regulations compliance

The operation of our shopping malls has to comply with relevant laws and regulations on environmental protection in the PRC, including but not limited to the *Environmental Protection Law of the PRC*, the *Water Pollution Prevention and Control Law of the PRC*, the *Atmospheric Pollution Prevention and Control Law of the PRC* and the *Law of the PRC on Prevention and Control of Environmental Noise Pollution*. Violation of the relevant laws and regulations by an enterprise may result in fines, orders to cease operations, or closure, and in severe cases, may even incur criminal liability.

Our shopping mall constructions and other projects are required to comply with the requirements of relevant laws and regulations, including but not limited to the *Environmental Impact Assessment (EIA) Law of the PRC* and the *Regulations on the Administration of Construction Project Environmental Protection* etc. Under such laws and regulations, which require a comprehensive environmental impact assessment arising from the construction projects, and the preparation of "EIA Report" for projects that may cause potential environmental impacts. After completion of a project, the relevant organisation should perform inspection and acceptance of the environmental protection facilities for a project according to the standards and procedures stipulated by the environmental protection administrative department of the Provincial Government, and prepare an acceptance report accordingly.

We have formulated the Group's *Environmental Protection Management Methods* to manage and monitor the environmental impact of our operations. During the Reporting Period, the Group was not aware of any significant violations of laws and regulations that have a significant impact on the Group.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS (cont'd)

Emissions (cont'd)

Emission Types and Respective Emission Data

During the Reporting Period, the main sources of emissions of the Group comprised air pollutants and wastewater. Air emissions were mainly generated from fuel consumption by stationary and mobile sources such as the Group's vehicles and generators, including petrol and diesel, as well as emissions from the use of piped natural gas. Combustion of such fuels produces nitrogen oxides, sulphur oxides and particulate matter. To control and reduce relevant emissions, the Group continuously monitors vehicle mileage and fuel consumption to track actual usage, ensuring efficient utilisation of resources. The Group's air pollutant emission amounts are as follows:

Air Pollutants ^{4,5}	Unit	2025	2024	2023
Nitrogen Oxides (NO _x)	tonnes	0.91	0.88	0.84
Sulphur Oxides (SO _x)	tonnes	0.02	0.02	0.02
Particulate Matters (PM)	tonnes	0.00 ⁶	0.00 ⁷	0.00 ⁸

As for wastewater discharge management, in order to ensure that the discharged wastewater can meet the relevant environmental regulations and standards in the PRC GB/T 31962-2015 Wastewater Quality Standards for Discharge to Municipal Sewers, the Group conducts water quality sample testing regularly for wastewater. The testing components included pH value, suspended solids, chemical oxygen demand, ammoniacal nitrogen, total phosphorus, total nitrogen, anionic surfactants and oil-in-water. During the Reporting Period, the wastewater generated by the Group was tested and the content of the above components was assessed and confirmed to have met the standards of discharge. The Group's wastewater discharge amount is as follows:

	Unit	2025	2024	2023
Total Wastewater Discharge	cubic meter	76,587.00	81,401.00	80,612.00

During the Reporting Period, the total wastewater discharge decreased by approximately 6% compared with the last year. This was mainly attributable to the Group's enhanced inspection of indoor and outdoor pipelines, actively prevented and eliminated leakage from water pipes, thereby effectively improving water usage efficiency and discharge management performance. Looking forward, the Group will continue to monitor the quality and quantity of the Group's exhaust gas and wastewater emissions and improve the collection and monitoring of emissions data, in order to minimise the impact on the environment.

⁴ The emissions amount was calculated with reference to *Energy Statistic Manual and Oil information: Database documentation (July 2024 edition)* published by the International Energy Agency, the National Standard *GB17820-2018 Natural Gas* 《GB17820-2018天然氣》 of the PRC, *Technical Guidelines for the Compilation of Atmospheric Pollutant Emission Inventories of Road Vehicles (Trial)* 《道路機動車大氣污染物排放清單編製技術指南(試行)》, *Technical Guidelines for the Compilation of Atmospheric Pollutant Emission Inventories for Non-Road Mobile Sources (Trial)* 《非道路移動源大氣污染物排放清單編製技術指南(試行)》 and the *Manual on Coefficients and Accounting of Boiler Production and Discharge* 《鍋爐產排污量核算系數手冊》 published by the Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部).

⁵ As the calculation methodology has been updated for the Reporting Period, the Group has restated the relevant data for 2024 and 2023 to ensure comparability of the data.

⁶ The emission of PM for 2025 amounted to 3.41 kilograms.

⁷ The emission of PM for 2024 amounted to 2.92 kilograms.

⁸ The emission of PM for 2023 amounted to 3.60 kilograms.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS *(cont'd)*

Emissions *(cont'd)*

Total Quantity and Intensity of Hazardous Waste Generated

Our operation of shopping malls does not produce or handle any hazardous waste.

Total Quantity and Intensity of Non-Hazardous Waste Generated

Wastes generated by the Group's shopping malls are mainly domestic waste generated during daily operations. The amounts of waste generated are as follows:

	Unit	2025	2024	2023
Non-hazardous Waste	tonnes	2,069	2,300	2,335
Intensity	tonnes/square meter ⁹	0.006	0.006	0.006

During the Reporting Period, the Group's quantity of domestic waste generated recorded a decrease compared with the previous year.

Looking ahead, the Group will enhance the efficiency of the industrial chain and continue to reduce waste generation.

Measures to Mitigate Emissions and Results Achieved

To continuously improve and strive to reduce emissions, the Group is actively improving the Group's *Environmental Protection Management Methods*, which includes the following measures:

- Burning of asphalt, linoleum, rubber, plastic, hay, fallen leaves, garbage and other substances that produce toxic and harmful gases or malodorous gases are prohibited in the areas of shopping malls;
- The discharge of toxic and harmful gas and dust into the atmosphere is strictly restricted; if there is a necessity for the discharge, the gas emission must undergo purification and does not exceed the regulated standards before discharging;
- Restaurants are encouraged to implement water-saving and pollution-reduction initiatives, reusing and recycling water to improve the overall water utilisation rate;
- Grease traps should be equipped to pre-treat restaurant effluents and to separate the oil from water. Meanwhile, oil mist from the kitchen must also be pre-treated. Both effluents and oil mist must meet their emission standards before discharging. Besides, wastewater containing oil, acid, alkaline, and highly toxic liquid is strictly restricted to be discharged into natural water sources to prevent pollution;
- Vehicle restriction control is implemented in shopping mall areas, vehicles that do not meet environmental protection requirements are prohibited from entering; and
- When noise and vibration occur, measures such as noise reduction, sound insulation, and anti-vibration should be taken.

⁹ The total gross floor area of the Group's offices and shopping malls in 2025, 2024, 2023 was 364,511.04 square meters, 364,839.25 square meters and 364,839.25 square meters respectively.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS *(cont'd)*

Emissions *(cont'd)*

Measures to Mitigate Emissions and Results Achieved (cont'd)

The Group will continue to implement the above emission reduction and environmental management measures and continuously improve its waste data collection and monitoring methodologies. Looking forward, the Group will further enhance its data collection system, and conduct forecast based on the data collected in the next few years to formulate or revise the emission reduction strategies in a timely manner.

Hazardous and Non-Hazardous Waste Handling, Measures on Waste Reduction and Results Achieved

The Group's waste management strategy focuses on waste reduction, recycling and reuse, aiming to save operational costs while lowering the impact on the environment. Solid waste should be cleared, transported and disposed of in a timely manner. When collecting, storing, transporting, using, and disposing of solid waste, measures must be taken to prevent diffusion, loss, and permeation. At the same time, no unauthorised dumping, piling, littering or scattering of solid waste is allowed. A large amount of paper is used in daily operation, which causes an impact on the environment. The waste generated by the operation of offices is mainly office paper. During the Reporting Period, the Group's total paper consumption was 1.36 tonnes. In order to reduce the environmental impact of paper consumption, the Group actively encourages its staff to recycle waste paper and a total of 0.02 tonnes of waste paper was recycled during the Reporting Period. To further protect the environment, we are establishing relevant policies to minimise wastage of paper and other resources.

The Group will continue to record and disclose the amount of wastes produced. Looking ahead, the Group will continue to improve the data collection system, and forecast based on the data collected in the next few years to formulate or revise the waste reduction strategies in a timely manner.

Use of Resources

General Disclosure

Policies

The Group has established the Group's *Energy Saving Implementation Plan* for standardising specific energy-saving guidelines and regulations on public and office lighting, air-conditioning management, power transmission and distribution system, mechanical and electrical equipment, and water supply, etc. Specific measures include replacing traditional compact fluorescent lamps with energy-efficient lighting equipment, and adopting lighting control system based on different time periods to achieve the purpose of energy saving. We have also posted energy-saving slogans and reminders at conspicuous locations, such as reminding staff to switch off all power supplies before leaving work, so as to raise their awareness of energy saving. For air-conditioning use, we have established a clear benchmark for air conditioner usage instead of utilising air conditioning on a whole day basis, and we monitor room temperature and air conditioner parameters to ensure the air conditioners functioning properly.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS (cont'd)

Use of Resources (cont'd)

Total Direct and/or Indirect Energy Consumption by Type and Intensity

The Group's energy consumption includes petrol, diesel, natural gas and purchased electricity. During the Reporting Period, the Group's main source of energy consumption was electricity, which accounted for 82% of its total energy consumption. During the Reporting Period, the Group's business hospitality needs increased compared with the previous year, resulting in a corresponding rise in vehicle usage. Overall, the total energy consumption during the Reporting Period remained roughly the same as the previous year. The following table shows the total energy consumption^{10,11}, by energy types:

	Unit	2025	2024	2023
Direct Energy Consumption				
– Petrol	MWh	159.27	93.88	49.60
– Diesel	MWh	49.47	46.38	65.00
– Natural Gas	MWh	5,275.31	5,079.21	4,753.37
Indirect Energy Consumption				
– Purchased Electricity (including purchased photovoltaic power for the Group's use)	MWh	24,568.55	24,374.12	24,336.39
Total Energy Consumption	MWh	30,052.60	29,593.59	29,204.36
Energy Consumption Intensity	MWh/square meter ¹²	0.082	0.081	0.080

Total Water Consumption and Intensity

Water is an indispensable natural resource in the daily operations of the Group. During the Reporting Period, the Group's total water consumption was 132,647.86 cubic meters, decreased by 6% compared to that of the previous year. This was attributable to the Group's enhanced inspections of both indoor and outdoor pipelines during the Reporting Period, as well as proactive measures to prevent and eliminate leakage from water pipes, which effectively improved water management efficiency and led to a reduction in water consumption during the Reporting Period. The details of the Group's water consumption data are as follows:

	Unit	2025	2024	2023
Water Consumption	cubic meter	132,647.86	140,370.05	145,548.40
Water Consumption Intensity	cubic meter/square meter ¹³	0.36	0.38	0.40

¹⁰ The calculation of energy consumption is based on the *Energy Statistic Manual* and *Oil information: Database documentation (July 2024 edition)* published by the International Energy Agency, *General Guideline of the Greenhouse Gas Emissions Accounting Method and Reporting of Other Industrial Enterprises (Trial)* by the National Development and Reform Commission of the PRC.

¹¹ As the calculation methodology has been updated for the Reporting Period, the Group has restated the relevant data for 2024 and 2023 to ensure comparability of the data.

¹² The total gross floor area of the Group's offices and shopping malls in 2025, 2024, 2023 was 364,511.04 square meters, 364,839.25 square meters and 364,839.25 square meters respectively.

¹³ The total gross floor area of the Group's offices and shopping malls in 2025, 2024, 2023 was 364,511.04 square meters, 364,839.25 square meters and 364,839.25 square meters respectively.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS (cont'd)

Use of Resources (cont'd)

Energy Efficiency Plans and Results

The Group promotes environmental protection in its daily business operations. The Group implements various environmental protection measures at its operating premises, mitigating the negative impact of the operating site on the environment through the proper use of energy. We will continue to effectively control the operating time of the equipment, reducing the impact of GHG emissions on nature. Besides, the Group also established specific energy-saving measures in the *Energy-Saving Implementation Plan* as follows:

Lighting management

- Adopting lighting time management, arrange proper lighting according to the needs at different periods instead of having all the lightings on at all times, to balance between the needs and energy saving;
- All fluorescent lights in the basement are replaced with more energy-saving LED lights, and corridor lights are gradually replaced with energy-saving lights; for electrical facilities with low usage requirements, automatic control devices such as infrared induction and time control are equipped;
- The office area makes full use of natural lighting to reduce the need for lighting fixtures; and
- Energy-saving slogans and reminders are posted at conspicuous locations to remind staff to switch off all power supplies before leaving work.

Air-conditioning management

- Establishing a comprehensive room temperature monitoring and air-conditioning energy-saving management system; daily monitoring of room temperature, air-conditioning system parameters and energy consumption;
- Setting a reasonable air-conditioning temperature. Except for the needs during summer and winter, air-conditioning usage in other seasons should be minimised. The air-conditioning temperature should be set at 26°C or above in summer and not higher than 20°C in winter; and
- When the air-conditioner is in operation, office windows should remain closed to prevent loss of cold air, avoiding the air-conditioner from a long period of operation.

Looking ahead, the Group will continue to monitor the energy use of the Group and improve data collection and monitoring, in order to reduce energy consumption.

Sourcing Water that is Fit for Purpose

The Group understands that water resources are among the most precious natural resources on the planet, so we attach great importance to the effective use of water resources and are committed to reducing unnecessary water consumption. In terms of water usage, water for operation is provided by the local water supply company, so there is no issue in sourcing water that is fit for purpose. We set a water consumption budget at the beginning of each year and install sensors at the points of use in the bathroom to control the water consumption.

Looking ahead, the Group will continue to monitor the use of water resources of the Group and improve data collection and monitoring, in order to reduce water consumption.

Packaging Materials for Finished Goods

The Group's business does not involve any product production, therefore no packaging material consumption is incurred, hence no relevant data is disclosed.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS (cont'd)

The Environment and Natural Resources

General Disclosure

The Group is actively establishing its *Environmental Protection Management System* to standardise and implement the environmental protection management tasks in an orderly manner. We actively promote energy conservation and environmental protection within the Group as well as implement supervision and management of environmental protection work such as resources conservation and pollution prevention. The Group will continue to improve and are committed to reducing waste emissions and the impact on the environment.

Significant Impacts of Activities on the Environment and Natural Resources and the Actions Taken to Manage Them

We strive to improve the waste management mechanism. As a responsible enterprise that values environmental protection, we strive to prevent or minimise the possible damage to the environment, such as air pollution, noise pollution, waste generation, etc. We have established targeted environmental protection measures according to the different situations that may happen in the shopping malls, including:

- When decorating and refurbishing shops, the construction area must be effectively enclosed before the commencement of construction. Environmental pollution caused by operations should be prevented during the construction, the remaining construction materials and construction site must be cleaned up after construction;
- When transporting refurbishment materials and garbage, anti-leakage measures must be taken, and such materials cannot be stacked in the public areas of the market; refurbishment garbage should be transported out of the market in a timely manner;
- To minimise dust pollution in the passageway of the shopping malls, measures are implemented including water spraying or flushing for dust suppression. Dust and garbage that remain after such cleaning should be removed in a timely manner;
- Constructions that generate odour and noise should be avoided during the normal business hours of the shopping malls;

- Domestic sewage is only allowed to be discharged through designated pipelines, and mixed discharge of rainwater and sewage is strictly prohibited to prevent pollution of water sources; and
- For volatile and odour-causing items, measures must be taken to prevent such volatile gases from causing environmental pollution or producing odours, in order to prevent environmental pollution incidents from happening.

CLIMATE CHANGE

The Group deeply acknowledges that climate change is a common challenge for all of us, while the PRC, as the biggest developing country in the world, attaches great importance to the issues related to the response to climate change. The PRC government has decided to adopt more vigorous policies and measures and made two significant decisions in 2020: achieving carbon peaking before 2030, and carbon neutrality before 2060. The Group plans to gradually respond to the decisions and establish short-term, medium-term and long-term emission reduction targets. With the expansion of the Group's sales and distribution regions, its business scale continues to grow. In addition to promoting energy conservation and emission reduction, Xinji Shaxi Group is committed to facilitating the development of an environmental-friendly, green and standardised system within China's hotel supplies industry. The Group endeavours to advance relevant certifications relating to green environmental standards, food contact safety and product quality safety systems for hotel supplies in China, so as to comply with policy requirements and effectively implement the concept of sustainable development.

Our ESG Oversight Committee and ESG Working Group will continue to explore the feasibility of conducting climate risk assessments, with a view to formally launching such assessments in the coming years and systematically integrating them into business operations and decision-making processes. Through this initiative, we aim to further strengthen our ability to identify climate-related risks and opportunities, enhance management mechanisms and response strategies, and ensure that the Group continuously improves its operational resilience while seizing development opportunities during the green transition, thereby achieving sustainable growth.

Environmental, Social and Governance Report

CLIMATE CHANGE (cont'd)

Climate-related Risks and Opportunities

The Group has identified a range of climate-related risks and opportunities associated with its assets and services, so as to understand the scenarios in which such risks and opportunities may have a material impact. During the Reporting Period, the Group adopted the following time horizons when assessing climate-related risks and opportunities:

Time Horizon	Year
Short-term	Current – 2027
Medium-term	2028–2030
Long-term	2031–2050

The Group has identified a series of material climate-related risks and opportunities affecting its assets, operations and services in the current/near-term, short-term, medium-term and long-term, in order to understand the potential impacts of climate change on the Group's business.

Risk Types	Risk Drivers	Risk Descriptions and Impacts	Time Horizon	Our Responses
Physical Risk				
Acute Risk	Tropical cyclones, storms, extreme floods, extreme high temperatures/heatwaves, extreme cold	<ul style="list-style-type: none"> Damage to physical assets such as warehouses, goods, vehicles, shopping malls and offices, resulting in direct economic losses, higher maintenance and operational costs, and impacts on asset valuations. 	Short-term, medium-term	<ul style="list-style-type: none"> Integrate sustainability principles deeply into business operations to proactively address climate-related risks. Establish a system of qualified alternative suppliers in accordance with the <i>Procurement Policies and Procedures – Tendering (Procurement) Management Policy</i>, ensuring stable supply chains and logistics under extreme weather conditions. Formulate internal emergency guidelines and mechanisms to safeguard the safety of employees, property and assets.
Chronic Risk	Changes in precipitation patterns, rising average temperatures	<ul style="list-style-type: none"> Disrupted transportation and supply chain interruptions caused by extreme weather led to reduced production capacity and business downtime, thereby lowering revenue. Declining foot traffic and weaker leasing demand in operating regions affect the operational stability of tenants and adversely impact rental income. Increased expenditure required to safeguard employee occupational safety further raises overall operational costs. 		

Environmental, Social and Governance Report

CLIMATE CHANGE *(cont'd)*

Climate-related Risks and Opportunities *(cont'd)*

Risk Types	Risk Drivers	Risk Descriptions and Impacts	Time Horizon	Our Responses
Transition Risk				
Policy and Legal Risk	Strengthened requirements for emissions reporting and mandatory regulation of existing products and services	<ul style="list-style-type: none"> Tightened environmental policies may require the early upgrade or scrapping of assets relating to shopping malls, increasing transition and disposal costs and exerting pressure on the Group's capital expenditure and operational budgets. Raised energy efficiency standards drive upgrades and low-carbon retrofits of shopping mall facilities, incurring additional capital expenditures and operational costs. To comply with emissions regulations, shopping malls should optimise operational processes and management models, further raising operational expenses. Amid the low-carbon transition, reduced demand for tenants' high-emission products may impair their business performance and affect the shopping malls' rental income. 	Medium-term, long-term	<ul style="list-style-type: none"> Proactively identify and continuously monitor transition risks relating to policy changes, technological developments, market demand and reputation, establish corresponding financial budgets, and prepare in advance for potential increases in operational costs and compliance risks to ensure the Group's stable operation. Align strategic investments closely with shifts in low-carbon market trends and consumer demand to capture green development opportunities, scale up investment in renewable energy, gradually phase out fossil fuel-based equipment across operations, drive the green transformation and upgrading of businesses, and achieve long-term sustainable development.
Technological Risk	Replacement of existing products and services with lower-emission alternatives, and costs associated with the transition to low-carbon technologies	<ul style="list-style-type: none"> The low-carbon transition may result in the premature retirement of some of the Group's existing shopping mall assets, such as energy-intensive equipment and facilities that fail to meet environmental standards, thereby increasing the Group's transition and disposal costs and exerting pressure on its capital expenditures and operational budgets. As market demand for high-emission household products continues to decline, tenants face mounting pressure to transform their operations and incur costs to introduce low-carbon products or upgrade relevant technologies. Failure by tenants to respond promptly may affect their business performance, thereby putting pressure on the overall rental income of the shopping malls. 	Short-term, medium-term Medium-term, long-term	<ul style="list-style-type: none"> Formulate a five-year plan to gradually replace internal combustion engine vehicles with electric vehicles, allocate relevant capital expenditures prudently, continuously optimise the low-carbon structure of the vehicle fleet, and reduce operational carbon emissions. Continuously enhance capabilities in innovative research, development and operational management, engage professional consultants to design and implement low-carbon transition programmes, and improve operational efficiency on an ongoing basis. Meanwhile, prioritise brand reputation building, maintain a sound corporate image, and support talent attraction and retention. Accelerate the intelligent and environmentally friendly upgrading of shopping malls, reduce carbon emissions through automated facilities and online digital platforms, optimise resource utilisation efficiency, and effectively fulfil environmental protection responsibilities.

Environmental, Social and Governance Report

CLIMATE CHANGE (cont'd)

Climate-related Risks and Opportunities (cont'd)

Risk Types	Risk Drivers	Risk Descriptions and Impacts	Time Horizon	Our Responses
Transition Risk				
Market Risk	Shift in customer behaviour	<ul style="list-style-type: none"> With growing customer awareness of environmental protection and sustainable consumption, market preferences are shifting towards green shopping centres and low-carbon operating models, which may lead to the revaluation of conventional mall assets and affect the Group's asset valuation and long-term operational performance. 	Short-term, medium-term	<ul style="list-style-type: none"> Proactively identify and continuously monitor transition risks relating to policy changes, technological developments, market demand and reputation, establish corresponding financial budgets, and prepare in advance for potential increases in operational costs and compliance risks to ensure the Group's stable operation.
		<ul style="list-style-type: none"> With a sustained shift in customer preferences towards low-carbon consumption, market demand for high-emission household products is gradually declining, which may undermine the operational stability of tenants and consequently exert pressure on the overall rental income of the shopping malls. 	Medium-term, long-term	<ul style="list-style-type: none"> Align strategic investments closely with shifts in low-carbon market trends and consumer demand to capture green development opportunities, scale up investment in renewable energy, gradually phase out fossil fuel-based equipment across operations, drive the green transformation and upgrading of businesses, and achieve long-term sustainable development.
Reputation Risk	Shift in consumer preferences	<ul style="list-style-type: none"> Against a growing shift in consumer focus towards corporate social responsibility and low-carbon commitments, failure by the Group to effectively implement low-carbon and sustainable development strategies may adversely affect brand reputation, weaken talent appeal, and increase difficulties in staff recruitment and retention. 	Short-term, medium-term	<ul style="list-style-type: none"> Formulate a five-year plan to gradually replace internal combustion engine vehicles with electric vehicles, allocate relevant capital expenditures prudently, continuously optimise the low-carbon structure of the vehicle fleet, and reduce operational carbon emissions.
		<ul style="list-style-type: none"> With rising consumer awareness of low-carbon lifestyles, market acceptance of high-emission household products continues to decline, which may affect tenants' business performance and in turn exert pressure on the overall rental income of the shopping malls. 	Medium-term, long-term	<ul style="list-style-type: none"> Continuously enhance capabilities in innovative research, development and operational management, engage professional consultants to design and implement low-carbon transition programmes, and improve operational efficiency on an ongoing basis. Meanwhile, prioritise brand reputation building, maintain a sound corporate image, and support talent attraction and retention. Accelerate the intelligent and environmentally friendly upgrading of shopping malls, reduce carbon emissions through automated facilities and online digital platforms, optimise resource utilisation efficiency, and effectively fulfil environmental protection responsibilities.

Environmental, Social and Governance Report

CLIMATE CHANGE *(cont'd)*

Climate-related Risks and Opportunities *(cont'd)*

Opportunity Types	Opportunity Descriptions	Impacts on the Group	Time Horizon
Resource Effectiveness	<ul style="list-style-type: none"> Adopt more efficient transportation methods Recycling and reuse Reduce water consumption and usage 	<ul style="list-style-type: none"> Adopt efficient transportation methods to optimise the delivery of household goods and mall materials, reducing logistics-related operational costs. Promote recycling and reuse to save waste disposal fees and expenditure on raw material procurement. Reduce water consumption to lower water charges and water treatment costs, enhancing overall operational efficiency. 	Short-term, medium-term
Energy Resource	<ul style="list-style-type: none"> Adopt low-carbon energy Apply new technologies 	<ul style="list-style-type: none"> By adopting low-carbon energy and applying new technologies in mall operations, the Group can effectively reduce greenhouse gas emissions, mitigate emission-related risks, and align with environmental compliance requirements. The adoption of low-carbon energy and new technologies enhances the Group's green brand image and market reputation, boosts tenant willingness to lease premises, increases customer footfall, and thereby improves the Group's revenue performance. 	Medium-term, long-term
Market	<ul style="list-style-type: none"> Enter new market 	<ul style="list-style-type: none"> Collaborate with governments, development banks and other parties to enter new and emerging markets, diversify revenue streams and enhance market share. When expanding into new markets, engage new high-efficiency suppliers to optimise the supply chain for household products, improve delivery efficiency and operational productivity of the malls, and support sound business development. 	Medium-term, long-term
Resilience	<ul style="list-style-type: none"> Participate in renewable energy projects and adopt energy-saving measures 	<ul style="list-style-type: none"> Participation in renewable energy projects and adoption of energy-saving measures can strengthen the resilient planning of mall infrastructure and buildings, reducing potential damage and maintenance costs caused by extreme weather events. Leveraging the implementation of renewable energy projects and energy-saving measures, launch environmentally friendly and resilient new products and services (such as supporting packages for green store leasing), to better align with market demand and drive business upgrading and sustainable development. 	Medium-term, long-term

Environmental, Social and Governance Report

CLIMATE CHANGE *(cont'd)*

Climate-related Risks and Opportunities *(cont'd)*

To effectively identify, manage and address climate-related risks and potential opportunities, the Group has established and implemented a full-process climate risk management framework, operating primarily through risk control and risk mitigation. In terms of risk control, the Group integrates climate risk considerations into the planning, site selection, construction, renovation and expansion phases of shopping malls. It proactively assesses the potential impacts of extreme weather on property assets and operational workflows, while continuously enhancing climate emergency management systems across all malls with dedicated contingency plans for heavy rainfall, flooding and other extreme events, strengthening upfront risk identification and incident response capabilities. In terms of risk mitigation, the Group actively advances the green upgrading of shopping mall infrastructure, optimises ventilation, daylighting and drainage systems, enhances asset resilience, and reduces equipment deterioration and operational disruptions caused by extreme weather, thereby achieving full-process management of climate risks and continuous improvement. Furthermore, the Group fully recognises the distinctive characteristics of climate-related risks, whose impacts vary by geographical location and business activity, and which are emerging, uncertain, complex and systemic in nature. Based on such understanding, the Group deeply integrates climate risk management into daily operations, enabling comprehensive and targeted oversight, and providing robust safeguards for the stable development of its business.

Additionally, the ESG Oversight Committee holds regular annual meetings with the ESG Working Group to systematically assess, monitor and review climate-related risks and opportunities, which are then integrated into the Group's business decision-making and overall enterprise risk management processes. This ensures such risks are managed and prioritised alongside other operational and strategic risks. Furthermore, the ESG Oversight Committee reports annually to the Board on the progress and strategic responses of climate risk management.

Looking ahead, the Group will continue to review the impact of climate change on business and incorporate climate-related risks and opportunities into operational considerations, such as changes in environmental-related regulations, in order to increase resilience. Meanwhile, we will continue to improve our existing policies with the objective of reducing carbon emissions, and work together to combat climate change.

Climate-related Financial Matters¹⁴

The Group has systematically identified climate-related physical risks and transition risks. Physical risks may result in asset damage in high-risk areas, thereby increasing repair and operational costs, while transition risks may trigger changes in compliance costs amid the accelerated advancement of policies and technologies aimed at addressing climate change. The Group will continue to monitor market trends and policy developments, and dynamically assess corresponding strategic plans.

An analysis of climate factors that may affect the Group's cash flows, access to finance and cost of capital in the near-term, short-term, medium-term or long-term has been set out in the aforementioned section "Climate-Related Risks and Opportunities". Going forward, the Group will actively improve its climate risk assessment and financial impact analysis mechanisms, and gradually promote the quantitative identification and disclosure of climate-related financial impacts through continuous monitoring, scenario modelling and data accumulation, so as to provide a more solid basis for long-term decision-making and management.

To further strengthen the integration of climate risk and financial management, the Group has planned to allocate professional manpower and resources over the next decade to systematically conduct dedicated climate risk assessments, with priority given to qualitative analysis of potential climate-related financial impacts. Upon the completion of qualitative assessment, the Group will further advance quantitative research and accounting work, and gradually establish a corresponding framework for climate and financial data to support the Group's long-term sound and stable operations.

Capital Deployment and Allocation of Financial Resources

In 2025, the Group allocated sufficient financial resources to ESG (including climate-related) matters to ensure the effective implementation of relevant strategies and action plans, demonstrating its firm commitment to sustainable development. Looking ahead, the Group plans to further increase resource investment in climate-related initiatives, covering ESG advisory services, electric vehicle procurement, equipment upgrades and other areas. By expanding dedicated human and financial resources for climate and ESG advancement, the Group will further embed sustainable development principles into daily operations and decision-making processes.

¹⁴ During the Reporting Period, no material climate-related financial impacts that could be separately presented, nor any separately quantifiable expected financial impacts across the short-term, medium-term and long-term time horizons, have been identified. However, the relevant work plans have been set out in this Report.

Environmental, Social and Governance Report

CLIMATE CHANGE (cont'd)

Climate-related Scenario Analysis

To further enhance its climate risk management capabilities, the Group is actively planning to conduct systematic climate-related scenario analysis in the coming years. We plan to first clearly define the assessment boundaries and scope of the scenario analysis, and deploy dedicated manpower and resources to ensure the orderly progress of relevant analytical work. The currently planned analysis framework will cover different time horizons, namely the short-term, medium-term and long-term, and will refer to the Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs) of the Intergovernmental Panel on Climate Change (IPCC), as well as the climate scenarios issued by the Network for Greening the Financial System (NGFS). This will enable a comprehensive assessment of the potential impacts on the Group's business under different climate scenarios. Through this initiative, the Group will be able to fully grasp the potential impacts of climate change on its business operations, laying a solid foundation for long-term strategic planning and risk response.

Metrics and Targets

GHG Emissions and Intensity

During the Reporting Period, the sources of the Group's GHG emissions mainly included electricity consumption incurred from office buildings, malls and facilities, as well as vehicle fuel consumption, and combustion of diesel oil and pipeline natural gas. We are committed to the spirit of "Green Operation and Friendly Environment", combining new energy technology and management technique, fully implementing various energy planning and management measures, promoting energy-saving and carbon reduction in the daily operation process to achieve the goal of continuous improvement of energy effectiveness.

The Group's GHG^{15,16,17} emissions by scopes are as follows:

	Unit	2025	2024	2023
Scope 1 ¹⁸	tCO ₂ -equivalent	1,111.79	1,055.50	984.05
Scope 2 ¹⁹	tCO ₂ -equivalent	9,011.93	8,926.20	8,657.19
Total GHG Emissions	tCO ₂ -equivalent	10,123.72	9,981.70	9,641.24
GHG Emissions Intensity	tCO ₂ -equivalent/ square meter ²⁰	0.0278	0.0274	0.0264

Our GHG emissions are mainly related to electricity consumption (Scope 2), followed by petrol, diesel and natural gas consumption (Scope 1). During the Reporting Period, the total GHG emissions and emission intensity increased slightly compared to the previous year. This was mainly due to the prolonged high-temperature weather faced by the Guangzhou project in 2025, which led to extended operation times for air conditioning systems. Meanwhile, the Group's business hospitality needs increased compared with last year, resulting in a corresponding rise in vehicle usage. In order to further reduce emissions, we have established and implemented relevant electricity-saving measures, please refer to the "Uses of Resources" section for more details. Looking ahead, the Group will continue to monitor its GHG emissions and improve the collection and monitoring of GHG emissions data, so as to achieve the goal of energy saving and carbon reduction.

¹⁵ We calculate GHG emissions by reviewing and collecting operational data. The calculation was conducted in accordance with international and national standards, with reference to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Energy Statistic Manual and Oil information: Database documentation (July 2024 edition) published by the International Energy Agency, General Guideline of the Greenhouse Gas Emissions Accounting Method and Reporting of Other Industrial Enterprises (Trial) 《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》 issued by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), Fifth Assessment Report and Sixth Assessment Report released by the Intergovernmental Panel on Climate Change ("IPCC"), 2022 Carbon Dioxide Emission Factor for Electricity 《2022年電力二氧化碳排放因子》 issued by the Ministry of Ecology and Environment (國家生態環境部) and the National Bureau of Statistics (國家統計局) of the PRC and China Energy Statistical Yearbook 2023 issued by the National Bureau of Statistics of the PRC.

¹⁶ As the calculation methodology has been updated for the Reporting Period, the Group has restated the relevant data for 2024 and 2023 to ensure comparability of the data.

¹⁷ Due to data collection limitations, the Group has not disclosed Scope 3 GHG emissions data in this Report. The Group will continue to refine its data collection system and strengthen communication with value chain partners to enhance the completeness of data collection.

¹⁸ Scope 1: The direct emissions from the business operations owned or controlled by the Group.

¹⁹ Scope 2: The indirect emissions caused by the internal consumption of purchased electricity within the Group. The calculation adopts the location-based methodology.

²⁰ The total gross floor area of the Group's offices and shopping malls in 2025, 2024, 2023 was 364,511.04 square meters, 364,839.25 square meters and 364,839.25 square meters respectively.

Environmental, Social and Governance Report

CLIMATE CHANGE *(cont'd)*

Metrics and Targets *(cont'd)*

GHG Emissions Mitigation and Target

The Group has set GHG emission targets, as detailed in the table below. Through the establishment of such emission reduction targets, the Group aims to continuously optimise its GHG abatement measures and promote energy conservation and carbon reduction in a responsible manner.

Emissions Target Information	
Target Set²¹	Achieve a 5% reduction in total GHG emissions by 2026, using 2021 as the base year (covering CO ₂ , CH ₄ and N ₂ O); Achieve a 25% reduction in total GHG emissions by 2036, using 2021 as the base year (covering CO ₂ , CH ₄ and N ₂ O); Strive to achieve carbon neutrality before 2060, in line with the national overall carbon neutrality target.
Target Type	Absolute target
Objectives of Target	Mitigation and adaptation
Monitoring Progress	The ESG Oversight Committee reviews the Group's GHG emission targets and performance on an annual basis, and assesses whether adjustments to the targets are required
Scope of Target	Consistent with the reporting scope of this Report

The Group has implemented the following GHG management measures:

- Continuously promote the green upgrade of facilities to enhance the effectiveness of energy conservation and emission reduction in operations;
- Strengthen the management of water and energy consumption to reduce resource consumption and indirect emissions; and
- Encourage and educate employees to participate in environmental protection activities and adopt relevant environmentally friendly practices.

Compared with the total GHG emissions data of 2021 (base year), the Group's total GHG emissions for this year decreased by approximately 52%. The Group will continue to assess, faithfully record and disclose its GHG emissions on an annual basis, and expects to establish a clear accountability system to achieve its emission policies and targets. We will regularly review the targets and policies, make projections based on emission data for future years, continuously improve the data collection system, and formulate appropriate emission reduction strategies to ensure that climate actions are advanced in tandem with business development.

²¹ The Group has not yet adopted the Science Based Targets initiative (SBTi) framework to set GHG emission reduction targets during the Reporting Period. Going forward, the Group will continue to monitor the latest guidelines of the SBTi framework and take into account its own business development plans and actual operational conditions to timely assess and advance the formulation of relevant targets, so as to further drive the low-carbon transition.

Environmental, Social and Governance Report

THE STOCK EXCHANGE “ESG CODE” CONTENT INDEX

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (“KPIs”)		Section/Statement
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Repealed 1 January 2025	/
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section/Statement
Subject Area A. Environmental (cont'd)		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Repealed 1 January 2025	/
KPI A4.1	Repealed 1 January 2025	/
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section/Statement
Subject Area B. Social (cont'd)		
Employment and Labour Practices (cont'd)		
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and Key Performance Indicators ("KPIs")		Section/Statement
Subject Area B. Social (cont'd)		
Operating Practices (cont'd)		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures		Section/Statement
(I) Governance		
19	An issuer shall disclose information about:	
19 (a)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
19 (a)(i)	How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.	Governance Structure
19 (a)(ii)	How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities.	Governance Structure
19 (a)(iii)	How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities.	Governance Structure
19 (a)(iv)	How the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35).	Governance Structure
19 (b)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
19 (b)(i)	Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.	Governance Structure
19 (b)(ii)	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Governance Structure
(II) Strategy		
Climate-related risks and opportunities		
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
20 (a)	Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	Climate-related Risks and Opportunities
20 (b)	Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk.	Climate-related Risks and Opportunities
20 (c)	Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur.	Climate-related Risks and Opportunities;
20 (d)	Explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Climate-related Risks and Opportunities

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures		Section/Statement
(II) Strategy (cont'd)		
Business model and value chain		
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
21 (a)	A description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	Climate-related Risks and Opportunities Determination of Scope of Value Chain: Reasonable Information Relief is adopted. The Group will keep refining its method in determining the scope of value chain in its climate risk assessment
21 (b)	A description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Climate-related Risks and Opportunities Determination of Scope of Value Chain: Reasonable Information Relief is adopted. The Group will keep refining its method in determining the scope of value chain in its climate risk assessment
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
22 (a)	Information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Refer to the below
22 (a)(i)	Current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities.	Climate-related Risks and Opportunities; Climate-related Financial Matters
22 (a)(ii)	Current and anticipated adaptation and mitigation efforts (whether direct or indirect).	Climate-related Risks and Opportunities
22 (a)(iii)	Any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan.	The Group has yet to set up a climate-related transition plan
22 (a)(iv)	How the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40.	Metrics and Targets
22 (b)	Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Governance Structure
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	N/A

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures

Section/Statement

(II) Strategy *(cont'd)*

Financial position, financial performance and cash flows

Current financial effect

24 An issuer shall disclose qualitative and quantitative information about:

24 (a)	How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.	<p>Climate-related Risks and Opportunities; Climate-related Financial Matters</p> <p>Quantification of Current Financial Effects: Budget allocated to climate-related works during the Reporting Period is disclosed in this report. For the details of climate-related current financial effects (other than those mentioned in Climate-related Financial Matters section), the Group has yet to disclose it quantitatively. We are working closely with our ESG expert to determine useful parameters for the disclosure of quantitative financial effect information in the future. Qualitative financial effect information is disclosed in this Report</p>
24 (b)	The climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	No significant risk of material adjustment

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures

Section/Statement

(II) Strategy *(cont'd)*

Financial position, financial performance and cash flows *(cont'd)*

Anticipated financial effect

25 The issuer shall provide qualitative and quantitative disclosures about:

25 (a)	How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy.	Climate-related Financial Matters
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25 (b)	How the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate-related Financial Matters
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Quantification of Anticipated Financial Effects: Capabilities Relief is adopted. This Report has disclosed the budget allocation plan for climate-related work in the coming years. For the details of climate-related anticipated financial effects (other than those mentioned in Climate-related Financial Matters section), the Group has yet to disclose it quantitatively. We are working closely with our ESG expert to determine useful parameters for the disclosure of quantitative financial effect information in the future. Qualitative financial effect information is disclosed in this Report

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures		Section/Statement
(II) Strategy (cont'd)		
Climate resilience		
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
26 (a)	The issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	
26 (a)(i)	The implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis.	Climate-related Risks and Opportunities; Climate-related Financial Matters;
26 (a)(ii)	The significant areas of uncertainty considered in the issuer's assessment of its climate resilience.	
26 (a)(iii)	The issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term.	The Group has not yet conducted climate-related scenario analysis work, and the relevant work plan has been set out in this Report
26 (b)	How and when the climate-related scenario analysis was carried out, including:	
26 (b)(i)	Information about the inputs used, including:	
26 (b)(i)(1)	Which climate-related scenarios the issuer used for the analysis and the sources of such scenarios.	The Group has not yet conducted climate-related scenario analysis work, and the relevant work plan has been set out in this Report
26 (b)(i)(2)	Whether the analysis included a diverse range of climate-related scenarios.	
26 (b)(i)(3)	Whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks.	
26 (b)(i)(4)	Whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change.	
26 (b)(i)(5)	Why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties.	
26 (b)(i)(6)	Time horizons the issuer used in the analysis.	
26 (b)(i)(7)	What scope of operations the issuer used in the analysis (for example, the operation locations and business units used in the analysis).	
26 (b)(ii)	The key assumptions the issuer made in the analysis.	
26 (b)(iii)	The reporting period in which the climate-related scenario analysis was carried out.	

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures		Section/Statement
(III) Risk Management		
27	An issuer shall disclose information about:	
27 (a)	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	Refer to the below
27 (a)(i)	The inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes).	The Group has not yet conducted climate-related scenario analysis, and the relevant work plan, as well as the data and parameters expected to be used, have been set out in this Report
27 (a)(ii)	Whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks.	The Group has not yet conducted climate-related scenario analysis work, and the relevant work plan has been set out in this Report
27 (a)(iii)	How the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria).	Climate-related Risks and Opportunities; The Group has not yet conducted climate-related scenario analysis work, and the relevant work plan has been set out in this Report
27 (a)(iv)	Whether and how the issuer prioritises climate-related risks relative to other types of risks.	Climate-related Risks and Opportunities
27 (a)(v)	How the issuer monitors climate-related risks.	Governance Structure; Climate-related Risks and Opportunities
27 (a)(vi)	Whether and how the issuer has changed the processes it uses compared with the previous reporting period.	N/A
27(b)	The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).	Governance Structure; Climate-related Risks and Opportunities
27(c)	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate-related Risks and Opportunities

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures

Section/Statement

(IV) Metrics and Targets

Greenhouse gas emissions

28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as:	
28 (a)	Scope 1 greenhouse gas emissions.	Metrics and Targets
28 (b)	Scope 2 greenhouse gas emissions.	
28 (c)	Scope 3 greenhouse gas emissions.	
29	An issuer shall:	
29 (a)	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions.	Metrics and Targets
29 (b)	Disclose the approach it uses to measure its greenhouse gas emissions including:	
29 (b)(i)	The measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions.	Metrics and Targets
29 (b)(ii)	The reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions.	
29 (b)(iii)	Any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.	
29 (c)	For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions.	
29 (d)	For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures

Section/Statement

(IV) Metrics and Targets *(cont'd)*

Climate-related transition risks

30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Reasonable Information Relief is adopted in the Reporting Period. The Group is reviewing the climate-related financial effects and will provide quantifiable information including amount and % of assets or business activities vulnerable to risks in the future
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Climate-related physical risks

31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Reasonable Information Relief is adopted in the Reporting Period. The Group is reviewing the climate-related financial effects and will provide quantifiable information including amount and % of assets or business activities vulnerable to risks in the future
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Climate-related opportunities

32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Reasonable Information Relief is adopted in the Reporting Period. The Group is reviewing the climate-related financial effects and will provide quantifiable information including amount and % of assets or business activities aligned with climate-related opportunities in the future
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Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures

Section/Statement

(IV) Metrics and Targets *(cont'd)*

Capital deployment

33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate-related Financial Matters
		Quantitative information has not been disclosed at this stage due to confidentiality constraints.

Internal carbon prices

34	An issuer shall disclose:	
34 (a)	An explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis).	The Group does not apply a carbon price in decision-making
34 (b)	The price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.	
34	Or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	

Remuneration

35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a) (iv).	No climate-related considerations are factored into remuneration policy
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Industry-based metrics

36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Disclosure of industry-based metrics has yet to be included
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Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures	Section/Statement
(IV) Metrics and Targets (cont'd)	
Climate-related targets	
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:
37 (a)	The metric used to set the target. Metrics and Targets
37 (b)	The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives).
37 (c)	The part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region).
37 (d)	The period over which the target applies.
37 (e)	The base period from which progress is measured.
37 (f)	Milestones or interim targets (if any).
37 (g)	If the target is quantitative, whether the target is an absolute target or an intensity target.
37 (h)	How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:
38 (a)	Whether the target and the methodology for setting the target has been validated by a third party. The target has yet to be validated by a third party
38 (b)	The issuer's processes for reviewing the target. Metrics and Targets
38 (c)	The metrics used to monitor progress towards reaching the target. Metrics and Targets
38 (d)	Any revisions to the target and an explanation for those revisions. No revisions to the target
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. Metrics and Targets

Environmental, Social and Governance Report

Part D: Climate-related Disclosures

Climate-related Disclosures		Section/Statement
(IV) Metrics and Targets (cont'd)		
Climate-related targets (cont'd)		
40	For each greenhouse gas emission targets disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
40 (a)	Which greenhouse gases are covered by the target.	Metrics and Targets
40 (b)	Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	Metrics and Targets
40 (c)	Whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target.	Metrics and Targets
40 (d)	Whether the target was derived using a sectoral decarbonisation approach.	Sectoral decarbonisation approach was not used
40 (e)	The issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	The Group did not use carbon credits in the Reporting Period
40 (e)(i)	The extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits.	
40 (e)(ii)	Which third-party scheme(s) will verify or certify the carbon credits.	
40 (e)(iii)	The type of carbon credit, including whether the underlying offset will be nature-based or based on technology carbon removals, and whether the underlying offset is achieved through carbon reduction or removal.	
40 (e)(iv)	Any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF XINJI SHAXI GROUP CO., LTD

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinji Shaxi Group Co., Ltd (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 112 to 200, which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated income statement, consolidated statement of 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 consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the key audit matter:
<p>Valuation of investment properties</p>	
<p>Refer to note 5(a), note 7.3(b) and note 20 to the consolidated financial statements.</p>	<p>Our procedures in relation to management's valuation of investment properties included:</p>
<p>The Group's investment properties are stated at fair value. As at 31 December 2025, the Group's investment properties amounted to RMB1,845.69 million and the fair value losses on investment properties for the year ended 31 December 2025 amounted to RMB116.05 million. Management have appointed an independent external valuer to assist them to perform a valuation of the Group's investment properties as at year end.</p>	<p>(i) We understood, evaluated and validated the Group's internal control over valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors including subjectivity;</p> <p>(ii) We evaluated the independent external valuer's competence, capabilities and objectivity;</p>
<p>We focused on this area as valuation of investment properties involved high degree of estimation uncertainty, including but not limited to assessment of capitalisation rate, fair market rent and fair market price of the properties. The inherent risk in relation to assessment of the fair value of investment properties is considered relatively higher due to uncertainty of significant assumptions used.</p>	<p>(iii) We assessed the appropriateness of methodologies used and challenged the key estimates and assumptions applied by the management and the valuer in determining capitalisation rate, fair market rent and fair market price. We compared these key assumptions to industry and market data based on market research of similar properties;</p>
	<p>(iv) We checked, on a sample basis, the underlying data of area, tenancy term and occupancy against the supporting evidence, and checked the mathematical accuracy of the valuation.</p>

Independent Auditor's Report

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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.

Independent Auditor's Report

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

(cont'd)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

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

(cont'd)

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

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

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 30 March 2026

Kwong Tin Lap

Practising Certificate no.: P01953

Unit 1510-1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road, Kwai Chung,
New Territories, Hong Kong

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	9	215,231	254,789
Cost of sales	10	(43,087)	(43,856)
Fair value losses on investment properties	20	(116,045)	(314,532)
Selling and marketing expenses	10	(10,742)	(12,336)
Administrative expenses	10	(36,496)	(35,452)
Net impairment losses on financial assets and lease receivables	7.1(b)	(2,480)	(3,913)
Other income	11	1,275	3,403
Other gains – net	12	15,580	3,781
Operating profit/(loss)		23,236	(148,116)
Finance income	15	1,946	3,076
Finance expenses	15	(48,267)	(56,389)
Finance expenses – net	15	(46,321)	(53,313)
Loss before income tax		(23,085)	(201,429)
Income tax (expense)/credit	16	(4,683)	39,306
Loss for the year		(27,768)	(162,123)
Loss attributable to:			
– Owners of the Company		(27,685)	(162,314)
– Non-controlling interests		(83)	191
		(27,768)	(162,123)
Loss per share attributable to owners of the Company:			
– Basic and diluted (RMB)	17	(0.02)	(0.11)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year	(27,768)	(162,123)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(27,768)	(162,123)
Total comprehensive loss attributable to:		
– Owners of the Company	(27,685)	(162,314)
– Non-controlling interests	(83)	191
	(27,768)	(162,123)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December	
		2025	2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment	19	10,492	5,497
Investment properties	20	1,845,694	1,971,588
Intangible assets	21	1,813	2,239
Deferred income tax assets	32	3,312	2,639
Lease and trade receivables and other receivables	23	–	25,276
Financial assets at fair value through profit or loss	22	488	5,522
		1,861,799	2,012,761
Current assets			
Inventories	24	–	1,168
Lease and trade receivables and other receivables	23	99,281	68,691
Amount due from a related party	35	993	–
Restricted cash		3,450	36
Cash and cash equivalents	25	693,742	582,501
		797,466	652,396
Total assets		2,659,265	2,665,157
EQUITY			
Share capital and premium	26	285,115	285,115
Other reserves	27	124,879	120,412
Retained earnings		737,385	769,537
		1,147,379	1,175,064
Non-controlling interests		(1,943)	(1,860)
Total equity		1,145,436	1,173,204

Consolidated Balance Sheet

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	31	335,409	574,420
Trade and other payables	28	3,423	15,853
Lease liabilities	28	150,367	166,184
Deferred income tax liabilities	32	172,657	183,485
		661,856	939,942
Current liabilities			
Borrowings	31	495,030	239,004
Trade and other payables	28	176,923	162,795
Lease liabilities	28	18,131	27,675
Contract liabilities	29	23,366	22,420
Advance from customers	30	100,179	64,807
Current income tax liabilities		36,990	32,746
Amounts due to related parties	35	1,354	2,564
		851,973	552,011
Total liabilities		1,513,829	1,491,953
Total equity and liabilities		2,659,265	2,665,157

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 112 to 200 were approved and authorised for issue by the Board of Directors on 30 March 2026 and were signed on its behalf by:

Cheung Hon Chuen
Director

Mei Zuoting
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company					Non-controlling interests RMB'000	Total RMB'000
		Share capital and premium RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Retained earnings RMB'000	Total RMB'000			
For the year ended 31 December 2024								
Balance at 1 January 2024		285,178	117,825	934,784	1,337,787	(2,051)	1,335,736	
(Loss)/profit for the year		-	-	(162,314)	(162,314)	191	(162,123)	
Total comprehensive loss for the year		-	-	(162,314)	(162,314)	191	(162,123)	
Transactions with owners								
Repurchase and cancellation of shares	26,27	(63)	(346)	-	(409)	-	(409)	
Transfer to statutory reserves	27(a)	-	2,933	(2,933)	-	-	-	
		(63)	2,587	(2,933)	(409)	-	(409)	
Balance at 31 December 2024		285,115	120,412	769,537	1,175,064	(1,860)	1,173,204	

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the Company					Total RMB'000
		Share capital and premium RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	
For the year ended 31 December 2025							
Balance at 1 January 2025		285,115	120,412	769,537	1,175,064	(1,860)	1,173,204
Loss for the year		-	-	(27,685)	(27,685)	(83)	(27,768)
Total comprehensive loss for the year		-	-	(27,685)	(27,685)	(83)	(27,768)
Transactions with owners							
Transfer to statutory reserves	27(a)	-	4,467	(4,467)	-	-	-
		-	4,467	(4,467)	-	-	-
Balance at 31 December 2025		285,115	124,879	737,385	1,147,379	(1,943)	1,145,436

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	140,981	203,801
Income tax paid		(11,940)	(8,633)
Interest received	15	1,946	3,076
Interest paid	33(b)	(47,128)	(54,955)
Net cash generated from operating activities		83,859	143,289
Cash flows from investing activities			
Payments for investment properties		(1,596)	(1,665)
Payments for purchase of property and equipment	19	(9,996)	(173)
Payments for purchase of intangible assets	21	–	(120)
Prepayments for lease		(7,080)	(2,870)
Proceeds from finance lease		47,557	23,407
Consideration paid for business combination under common control		–	(9,470)
Net cash generated from investing activities		28,885	9,109
Cash flows from financing activities			
Payments on repurchase and cancellation of shares		–	(409)
Proceeds from borrowings	33(b)	183,000	–
Repayments of borrowings	33(b)	(167,124)	(68,446)
Cash advances to related parties		(3,899)	(4,746)
Repayments from related parties		1,696	4,398
Principal elements of lease payments	33(b)	(15,176)	(13,695)
Net cash used in financing activities		(1,503)	(82,898)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		582,501	513,011
Exchange losses on cash and cash equivalents		–	(10)
Cash and cash equivalents at end of year	25	693,742	582,501

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Xinji Shaxi Group Co., Ltd. (the “**Company**”) was incorporated in the Cayman Islands on 27 July 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

On 28 December 2018, in preparation for the Listing, Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Zhang Weixin executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon Listing to consolidate their control over the Group through Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited until the concert parties agreement is terminated by them in writing.

As such, the Directors of the Company is in the view that, Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited are the ultimate holding company of the Company as at 31 December 2025.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in operating and managing hospitality supplies and home furnishing shopping malls in the People’s Republic of China (the “**PRC**”), which are set out in Note 37 to the consolidated financial statements.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2019.

These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the “**Board**”) of the Company on 30 March 2026.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21

Lack of Exchangeability

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

Notes to the Consolidated Financial Statements

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (cont'd)**(b) New and amendments to HKFRS Accounting standards in issue but not yet effective**

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

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

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared under the historical cost basis, except for the investment properties and the financial assets at fair value through profit or loss which are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS 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 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out in Note 4.

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Subsidiaries

4.1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.1 Subsidiaries *(cont'd)*

4.1.1 Basis of consolidation *(cont'd)*

(a) Business combination

Business combinations not under common control

The Group applies the acquisition method to account for business combinations (excluding those involving entities under common control). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.1 Subsidiaries *(cont'd)*

4.1.1 Basis of consolidation *(cont'd)*

(b) Subsidiaries controlled through contractual arrangements

Guangzhou Xinji Cloud Investment Co., Ltd ("**Xinji Cloud**"), the subsidiary of the Group, has entered into the contractual arrangement with Guangdong Jiucheng Technology Co., Ltd. ("**Jiucheng Technology**") and its registered shareholders, which enables the Xinji Cloud and the Group to:

- Exercise effective control over the Jiucheng Technology (the "**Operating Entity**");
- Exercise equity holders' voting rights of the Operating Entity;
- Receive substantially all of the economic interests and returns generated by the Operating Entity in consideration for the technical support, consulting and other services provided exclusively by the Xinji Cloud, at the Xinji Cloud's discretion;
- Obtain pledges over the entire equity interests in Jiucheng Technology from its registered shareholders to secure, among others, performance of their obligations under the contractual arrangement;
- Obtain an irrevocable and exclusive right to purchase all equity interests in Jiucheng Technology from its registered shareholders at a nominal consideration.

The Group does not have any equity interest in the Operating Entity. However, as a result of the contractual arrangement, the Group has rights to variable returns from its involvement with the Operating Entity and has the ability to affect those returns through its power over the Operating Entity and is considered to control the Operating Entity. Consequently, the Company regarded the Operating Entity as controlled structure entity and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group since 28 December 2018. Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations.

The Directors of the Group, based on the advice of its legal counsel, consider that the use of contractual arrangements does not constitute a breach of relevant laws and regulations.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacities as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

4.1 Subsidiaries (cont'd)

4.1.1 Basis of consolidation (cont'd)

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

4.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains – net".

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.3 Foreign currency translation *(cont'd)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

4.4 Leases

The Group as a lessee

The Group mainly leases land use right and properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payment that are based on an index or a rate;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.4 Leases *(cont'd)*

The Group as a lessee (cont'd)

Right-of-use assets are initially measured at cost comprising the following:

- (a) the amount of the initial measurement of lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;
- (c) any initial direct costs, and;
- (d) restoration costs.

The right-of-use assets are mainly recognised as investment properties and carried at fair value, which are determined at each reporting date by management, by referencing the valuation results from independent valuer after initial recognition.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group as a lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease (Note 9). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The lease receivables under lease arrangements are recognised as "operating lease receivables" in the consolidated balance sheet.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.4 Leases *(cont'd)*

The 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 as follows:

- (a) 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.
- (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease as finance lease or operating lease.

Lease modification

(a) Operating leases

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

(b) Finance leases

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

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

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of HKFRS 9.

If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification.

If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables’ original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.5 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Leased office buildings	lease term
Vehicles	3-5 years
Furniture, fittings and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.8).

Construction in progress represents the direct costs of construction incurred of property and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Gains and losses on disposals of other property and equipment are determined by comparing the proceeds with the carrying amounts and are recognised within "other gains – net" in the consolidated income statement.

4.6 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 10 years). Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.7 Investment properties

Investment properties, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under leases are accounted for as investment properties at the date at which the leased asset is available for use by the Group. Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, which are determined at each reporting date by management through referencing the valuation results from external valuer. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

A leased property which is recognised as a right-of-use asset is derecognised if the Group as sublease lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the leased property effected by entering into a finance lease is included in profit or loss in the period in which the property is derecognised.

4.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash generating unit's (a "CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The value in use calculation is based on a Discounted Cash Flows ("DCF") model. 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. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment losses are recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.9 Inventories

Inventories mainly comprise of goods for e-commerce trade, which are stated at the lower of cost or net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4.10 Financial assets

4.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statements of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

4.10 Financial assets (cont'd)

4.10.3 Measurement (cont'd)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statements as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains/(losses) – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

4.11 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

4.12 Impairment of financial assets and lease receivables

For lease receivables and trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Normal	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (Stage 1).
Doubtful	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (Stage 2).
In default	Interest and/or principal repayments are 60 days past due	Lifetime expected losses (Stage 3).

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

4.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.18 Revenue

(i) Operating lease rental income

It refers to revenue received by the Group from provision of leases for tenants who signed up lease contracts to run business at its owned/leased portfolio shopping malls. Operating lease rental income is recognised on a straight-line basis over the period of the lease.

(ii) Property management service

Revenue arising from property management service is recognised in the accounting period in which the services are rendered. The Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

(iii) Sales of goods

Revenues from sales of goods are the revenue obtained from sales of hotel supplies and home furnishing products, and are recognised when the control of the goods are transferred to the customer. Control of the goods is transferred at point in time when the customer obtains the physical possession of the goods and the Group has present right to payment.

(iv) Shopping mall business management service

Revenue arising from shopping mall business management service is recognised in the accounting period in which the services are rendered. The Group bills a fixed amount for each month of service provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

4.19 Interest income

Interest income is recognised on time-proportion basis using the effective interest method.

4.20 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.21 Dividend distribution

Dividend distribution to the group companies' shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the group companies' shareholders or board of directors, where appropriate.

4.22 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the territories where the group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

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

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.22 Current and deferred income tax *(cont'd)*

(b) Deferred income tax (cont'd)

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

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

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

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

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

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.23 Employee benefits

Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC governments.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Housing funds, medical insurance and other social insurance

Employee of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceilings. The Group's liability in respect of these funds are limited to the contribution payable in each year.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements

4 MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

4.24 Related parties

A related party is defined as follows:

- (a) A person or a close member or that person's family is related to the Group if 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.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities 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 the 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); or
 - (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.

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 Group 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.

Notes to the Consolidated Financial Statements

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(a) Estimation of the fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer. Significant judgment and assumptions are required in assessing the fair value of the investment properties. Information about the valuation of investment properties is disclosed in Note 7.3(b).

(b) Impairment of receivables

The loss allowances for financial assets and lease receivables are 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 calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 7.1.

(c) Current income tax and deferred income tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

Notes to the Consolidated Financial Statements

6 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
– Trade receivables and other receivables (excluding prepayments and input VAT available for future deduction)	45,418	19,904
– Amount due from a related party	993	–
– Restricted cash	3,450	36
– Cash and cash equivalents	693,742	582,501
Financial assets at fair value through profit or loss	488	5,522
	744,091	607,963
Financial liabilities		
Financial liabilities at amortised cost:		
– Trade and construction contract payables	35,923	39,681
– Other payables (excluding salary payables and other tax liabilities)	118,575	117,183
– Amounts due to related parties	1,354	2,564
– Borrowings	830,439	813,424
– Lease liabilities	168,498	193,859
	1,154,789	1,166,711

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT

7.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors of the Company.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than RMB, except that as at 31 December 2025, the Group has cash balance of RMB802,000 (2024: RMB895,000) denominated in Hong Kong dollar ("**HK\$**"). If RMB had strengthened/weakened by 2% against HK\$, the post-tax loss of the Group for the year ended 31 December 2025 would have been approximately RMB16,000 higher/lower (2024: RMB18,000 higher/lower).

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk mainly arises from borrowings with variable rates. Borrowings at floating rates expose the Group to cash flow interest rate risk; borrowings at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2025, if interest rates on borrowings at variable rates had been 100 basis point higher/lower with all other variables held constant, the post-tax loss of the Group for the year ended 31 December 2025 would have been RMB6,220,000 higher/lower (2024: RMB6,090,000 higher/lower), mainly as a result of more/less interest expenses on borrowings at variable rates.

(b) Credit risk

Credit risk arises from cash at bank, restricted cash, lease and trade receivables and other receivables and amount due from a related party.

The carrying amounts of deposits placed with banks and receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

To manage the credit risk, bank deposits are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions. The Group's bank deposits as at 31 December 2025 and 2024 are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Big four commercial banks	3,164	2,844
Other listed banks	690,359	577,527
Other non-listed banks	–	1,847
	693,523	582,218

Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

Lease and trade receivables arising from the Group's long-term lease arrangements are recorded as part of the Group's lease and trade receivables in the consolidated balance sheet. Lease arrangements are normally entered into with customers with proper credit history. Different credit assessment procedures including background search and obtaining credit reports issued by independent credit information service providers are conducted by the Group, where applicable. The Group normally requires the lessee to place the deposit at the inception of the lease arrangement as guarantee for the timely performance of the lessee over the lease term. Additional guarantee may be required for certain customers with poor credit history when necessary. In the event of late payment, the Group is entitled to charge interest or penalty at the default rate on any part of lease rental not paid when due until the same shall be paid. In the circumstances when the lessee fails to perform under the lease contract, the Group is able to cancel the lease contract. The directors of the Company believe the credit risk of the Group's lease receivables are properly managed. The Group assessed that the expected credit loss rate for operating and finance lease receivables were low since the Group have a strong capacity to meet its contractual cash flow obligation in the near term.

There is no significant concentration of the Group's credit losses as no individual balance of operating and finance lease receivables exceeds 10% of the Group's total operating and finance lease receivables as at 31 December 2025 (2024: same). During the year ended 31 December 2025, no revenue from a single customer accounted for more than 10% of the Group's total revenue (2024: same).

For other receivables and amount due from a related party, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables and amount due from a related party at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group considers the probability of default upon initial recognition of 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.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(i) Operating lease and finance lease and trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for operating lease and finance lease and trade receivables. To measure the expected credit losses, operating lease and finance and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for operating lease receivables:

As at 31 December 2025			
Credit risk rating	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	34,846	–
Doubtful (b)	10%	369	37
In default (c)	100%	19,168	19,168
Total	35%	54,383	19,205

As at 31 December 2024			
Credit risk rating	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	27,922	–
Doubtful (b)	10%	15,961	1,597
In default (c)	100%	13,095	13,095
Total	26%	56,978	14,692

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(i) Operating lease and finance lease and trade receivables (cont'd)

The loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for finance lease receivables:

Credit risk rating	As at 31 December 2025		
	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	4,219	–
Doubtful (b)	10%	6,935	693
In default (c)	100%	315	315
Total	9%	11,469	1,008

Credit risk rating	As at 31 December 2024		
	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	7,600	–
Doubtful (b)	10%	19,888	1,989
In default (c)	100%	297	297
Total	8%	27,785	2,286

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(i) Operating lease and finance lease and trade receivables (cont'd)

The loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables:

Credit risk rating	As at 31 December 2025		
	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	5,217	–
Doubtful (b)	10%	4,019	402
In default (c)	100%	1,763	1,763
Total	20%	10,999	2,165

Credit risk rating	As at 31 December 2024		
	Default loss rate	Gross carrying RMB'000	Loss allowance RMB'000
Normal (a)	0%	815	–
Doubtful (b)	10%	5,313	531
In default (c)	100%	2,406	2,406
Total	34%	8,534	2,937

(a) Normal represented receivables from regular customers which have a low risk of default and a strong capacity to meet contractual cash flows.

(b) Doubtful represented receivables from customers which there is an increase in credit risk where the principal repayments are 30 days past due.

(c) In default represented receivables from customers which have a high risk of default where the principal repayments are more than 60 days past due and at a terrible operating situation.

The loss rate is calculated based on the historical actual credit losses, and it is adjusted based on the differences between the economic situation during the historical data collection period, the current economic situation and the economic situation that the Group believes to be during the expected life period.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT *(cont'd)*

7.1 Financial risk factors *(cont'd)*

(b) Credit risk (cont'd)

(ii) Other receivables and amount due from a related party

Other financial assets at amortised cost include other receivables from third parties and amount due from a related party.

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Other receivables are categorised as follows for assessment purpose:

Group 1	Other receivables, amount due from a related party and deposits
Group 2	Prepayments for acquisition of a subsidiary
Group 3	Others

Management considered amount due from a related party and other receivables which are deposits in nature, such as deposits for lease contracts, to be low credit risk as the counterparties have a low risk of default and a strong capacity to meet their contractual cash flow obligations in the near term and no loss allowance provision is made for these other receivables during the period. The Group has assessed that the expected credit losses of Group 1 are not significant.

The Group has assessed that Group 2 is on Stage 3 and the ECL rate for Group 2 is 100%.

The Group has assessed that Group 3 is on Stage 1 and use 12 months ECL method except for particular items.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(ii) Other receivables and amount due from a related party (cont'd)

As of 31 December 2025 and 31 December 2024, the gross carrying amount and loss allowance of other receivables in categories are as follows:

	Stage 1		Stage 2		Stage 3	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of 31 December 2025						
Group 1	32,726	-	-	-	-	-
Group 2	-	-	-	-	5,283	5,283
Group 3	5,183	332	-	-	1,741	1,741
Total	37,909	332	-	-	7,024	7,024
As of 31 December 2024						
Group 1	3,540	-	-	-	-	-
Group 2	-	-	-	-	5,283	5,283
Group 3	11,109	342	-	-	1,714	1,714
Total	14,649	342	-	-	6,997	6,997

(iii) Written off loss allowance

Lease and trade receivables and other receivables are written off when there is no reasonable expectation of recovery.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(iv) Loss allowance provision movement

The loss allowance for lease and trade receivables and other receivables as at 31 December reconciles to the opening loss allowance as follows:

	Operating lease receivables RMB'000	Finance lease receivables RMB'000	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
Balance as at 1 January 2024	9,435	3,274	1,663	8,969	23,341
Provision for loss allowance recognised/ (reversed) in profit or loss for the year	5,257	(988)	1,274	(1,630)	3,913
Balance as at 31 December 2024	14,692	2,286	2,937	7,339	27,254
Balance as at 1 January 2025	14,692	2,286	2,937	7,339	27,254
Provision for loss allowance recognised/ (reversed) in profit or loss for the year	4,513	(1,278)	(772)	17	2,480
Balance as at 31 December 2025	19,205	1,008	2,165	7,356	29,734

The loss allowance on operating lease receivables for the year ended 31 December 2025 has increased as there were many more tenants with high default risk on settlement of operating lease receivables which were more than 60 days past due as at the reporting date.

The reversal of loss allowance on finance lease receivables recognised for the year ended 31 December 2025 was due to a decrease in the number of tenants whose principal repayments of rental were 30 days past due as at the reporting date.

The reversal of loss allowance on trade receivables recognised for the year ended 31 December 2025 was due to a decrease in the number of customers with high default risk on settlement of trade receivables which were more than 60 days past due as at the reporting date.

The loss allowance on other receivables recognised for the year ended 31 December 2025 was relatively small due to stable status of the outstanding balance of other receivables.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT *(cont'd)*

7.1 Financial risk factors *(cont'd)*

(c) Liquidity risk and the basis for preparation on a going concern basis

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

For the year ended 31 December 2025, the Group recorded a net loss attributable to owners of the Company of approximately RMB27,685,000 and had a positive cash flow of approximately RMB83,859,000 generated from the operating activities. Also, the Group had net current liabilities approximately RMB54,507,000 as at 31 December 2025. The Group's cash and cash equivalents maintained was approximately RMB693,742,000 whereas the Group had bank borrowings of approximately RMB495,030,000 which are repayable within next twelve months after the end of the reporting period.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and also have prepared a cash flow forecast covering a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

- (i) expediting the realisation of trade and other receivables and other prepayments so as to improve the working capital position and the operating cash flows;
- (ii) negotiating with respective lenders to renew and extend the existing borrowings upon their maturities, in which the Group is negotiating an extension of existing bank borrowings amounted to RMB101,879,000 to the new maturity date of 31 December 2027 in March 2026;
- (iii) implementing an active cost-saving measures to control administrative costs through various channels to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and
- (iv) continuing to seek for other alternative financing and bank borrowings to increase the Group's equity and liquidity when necessary.

The directors of the Company have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.1 Financial risk factors (cont'd)

(c) Liquidity risk and the basis for preparation on a going concern basis (cont'd)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount at 31 December 2025 RMB'000
At 31 December 2025						
Borrowings (including interests)	572,811	166,282	155,612	40,392	935,097	830,439
Amounts due to related parties	1,354	–	–	–	1,354	1,354
Lease liabilities	24,596	22,487	70,456	98,478	216,017	168,498
Trade and other payables (excluding salary payables and other tax liabilities)	151,075	1,608	290	1,525	154,498	154,498
	749,836	190,377	226,358	140,395	1,306,966	1,154,789
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount at 31 December 2024 RMB'000
At 31 December 2024						
Borrowings (including interests)	272,107	425,376	154,473	84,453	936,409	813,424
Amounts due to related parties	2,564	–	–	–	2,564	2,564
Lease liabilities	28,358	25,126	69,554	125,905	248,943	193,859
Trade and other payables (excluding salary payables and other tax liabilities)	141,012	12,247	1,543	2,062	156,864	156,864
	444,041	462,749	225,570	212,420	1,344,780	1,166,711

Interests are calculated on borrowings held as at 31 December 2025 (2024: same). Floating-rate interest is estimated using the current interest rate as at 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)

7.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Total capital represents total equity as shown in the consolidated balance sheet.

The gearing ratios at 31 December 2025 and 31 December 2024 are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Borrowings (Note 31)	830,439	813,424
Less:		
– Cash and cash equivalents (Note 25)	(693,742)	(582,501)
– Restricted cash	(3,450)	(36)
Net debt	133,247	230,887
Equity	1,145,436	1,173,204
Total capital	1,145,436	1,173,204
Gearing ratio	12%	20%

The decrease in gearing ratio as of 31 December 2025 as compared to 31 December 2024 is mainly due to increase in cash and cash equivalents.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)**7.3 Fair value estimation***(a) Financial assets carried at fair value*

The Group's financial assets carried at fair value include financial assets at fair value through profit or loss. The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to environmental, social and governance risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Specific valuation techniques used to value contingent consideration include:

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2025 and 31 December 2024, by level of the inputs to valuation techniques used to measure fair value.

		Level 3			
		As at 31 December			
		2025		2024	
		RMB'000		RMB'000	
Contingent consideration (Note 22)		488		5,522	
		Range of unobservable inputs			
Valuation approach	Significant unobservable inputs	Guangzhou Xinji Youxiang Property Co., Ltd.		Foshan Xinji Youxiang Commercial Service Co., Ltd.	
		31 December		31 December	
		2025	2024	2025	2024
Discounted cash flow	Expected net profit	RMB5,116,215 to RMB9,453,264	RMB3,072,798 to RMB5,974,573	RMB2,432,927 to RMB5,092,000	RMB2,432,927 to RMB5,092,000
	Discount rate	16%	17%	16%	17%

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)**7.3 Fair value estimation** (cont'd)*(a) Financial assets carried at fair value (cont'd)*

Relationship of unobservable inputs to fair value: expected future cash flows are based on expected net profit and discounted at rates that reflect the discount rate of the underlying investments.

The higher expected net profit, the lower the fair value. The higher discount rate, the lower the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

The valuation of level 3 instruments mainly included contingent consideration. As these instruments are not traded in an active market, their fair values have been determined by using applicable valuation techniques, which mainly include discounted cash flows.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the year ended 31 December 2025 would have been approximately RMB48,800 lower/higher (2024: RMB552,200 lower/higher).

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes in level 3 instruments during the year ended 31 December 2025.

*(b) Investment properties**(i) Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the investment properties that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its investment properties into the three levels prescribed under the accounting standards.

	Level 3	
	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Investment properties (Note 20)	1,845,694	1,971,588

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT (cont'd)**7.3 Fair value estimation** (cont'd)*(b) Investment properties (cont'd)**(ii) Valuation techniques used to determine fair values*

Fair values of completed investment properties are generally derived using the income capitalisation method and comparison method. The income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Fair values of investment properties under construction are generally derived using the comparison method. The comparison method is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

As at 31 December 2025, all investment properties are included in level 3 fair value hierarchy (2024: same). The Group did not change any valuation techniques in determining the level 3 fair values.

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	Fair value		Valuation techniques	Unobservable inputs	Ranges of unobservable inputs	
	As at 31 December				As at 31 December	
	2025	2024			2025	2024
	RMB'000	RMB'000				
Completed investment properties	1,817,294	1,942,988	Income capitalisation	Monthly market rents (RMB per sq. m)	10 to 253	10 to 237
				Capitalisation rate	5.5% to 8.25%	5.5% to 8.25%
Investment properties under construction	28,400	28,600	Comparison method	Market price (RMB per sq. m)	383 to 421	382 to 496

Notes to the Consolidated Financial Statements

7 FINANCIAL RISK MANAGEMENT *(cont'd)*

7.3 Fair value estimation *(cont'd)*

(b) Investment properties (cont'd)

(iii) Valuation inputs and relationships to fair value (cont'd)

The higher the market price and market rents, the higher the fair value.

Capitalisation and discount rates are estimated by the independent valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents are estimated based on recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

There are no significant inter-relationships between unobservable inputs.

(iv) Valuation processes

The Group measures its investment properties at fair value. The investment properties were valued by an independent and professionally qualified valuer, who has appropriate professional qualification and relevant experience in the location and category of the investment properties being valued, at 31 December 2025 and 31 December 2024. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management, the valuation team and valuers at least once every year.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION

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

The CODM considers business from a service perspective and has identified the following two operating segments:

– *Property leasing*

The Group is engaged in (a) managing owned/leased portfolio shopping mall which derives revenue from leasing floor areas to the tenants and providing comprehensive and continuous operation and management; (b) selling hospitality products and home furnishings through online shopping mall; (c) providing the business management service to other shopping malls which are not owned by the Group.

– *Property management services*

The Group provides property management services to tenants and apartment properties.

As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION (cont'd)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Year ended 31 December 2025		
	Property leasing RMB'000	Property management services RMB'000	Total RMB'000
Reportable segment revenue			
Revenue from contracts with customers			
– at a point in time	7,003	–	7,003
– over time	–	54,697	54,697
Revenue from rental income	153,531	–	153,531
Inter-segment revenue	–	–	–
	160,534	54,697	215,231
Segment profit	6,890	16,346	23,236
Finance expenses – net			(46,321)
Loss before income tax			(23,085)
	Year ended 31 December 2024		
	Property leasing RMB'000	Property management services RMB'000	Total RMB'000
Reportable segment revenue			
Revenue from contracts with customers			
– at a point in time	8,211	–	8,211
– over time	–	57,965	57,965
Revenue from rental income	188,613	–	188,613
Inter-segment revenue	–	–	–
	196,824	57,965	254,789
Segment (loss)/profit	(172,814)	24,698	(148,116)
Finance expenses – net			(53,313)
Loss before income tax			(201,429)

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	As at 31 December 2025			Total RMB'000
	Property leasing RMB'000	Property management services RMB'000	Elimination RMB'000	
Segment assets	2,708,993	71,402	(124,442)	2,655,953
Unallocated:				
– Deferred income tax assets				3,312
Consolidated total assets				2,659,265
Segment liabilities	495,018	103,167	(124,442)	473,743
Unallocated:				
– Deferred income tax liabilities				172,657
– Current income tax liabilities				36,990
– Borrowings				830,439
Consolidated total liabilities				1,513,829

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities (cont'd)

	As at 31 December 2024			Total RMB'000
	Property leasing RMB'000	Property management services RMB'000	Elimination RMB'000	
Segment assets	2,666,938	16,280	(20,700)	2,662,518
Unallocated:				
– Deferred income tax assets				2,639
Consolidated total assets				2,665,157
Segment liabilities	429,227	53,771	(20,700)	462,298
Unallocated:				
– Deferred income tax liabilities				183,485
– Current income tax liabilities				32,746
– Borrowings				813,424
Consolidated total liabilities				1,491,953

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements.

These assets and liabilities are allocated based on the operations of the segment. Segment assets consist primarily of property and equipment, investment properties, intangible assets, receivables from property management services and property leasing and cash and cash equivalents.

Segment liabilities consist primarily of trade and other payables (excluding other payables due to related parties with non-trade nature), lease liabilities, contract liabilities, advances from customers.

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION (cont'd)

(c) Other segment information

	Year ended 31 December 2025		
	Property leasing RMB'000	Property management services RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>			
Capital expenditure (Note)	14,257	–	14,257
Depreciation of property and equipment	4,990	9	4,999
Amortisation of intangible assets	426	–	426
Impairment losses on operating lease receivables recognised	4,513	–	4,513
Impairment losses on finance lease receivables (reversed)	(1,278)	–	(1,278)
Impairment losses on trade receivables recognised/(reversed)	156	(928)	(772)
Impairment losses on other receivables recognised	17	–	17
Gains on transfer of investment properties to finance lease receivables	(19,919)	–	(19,919)
Gains on lease modification from finance lease receivables	(3,801)	–	(3,801)
Fair value losses on financial assets at fair value through profit or loss	–	5,034	5,034
Fair value losses on investment properties	116,045	–	116,045
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>			
Finance income:			
– Interest income	(455)	(4)	(459)
– Interest income from finance lease receivables	(1,487)	–	(1,487)
Finance expenses:			
– Interest on lease liabilities	8,741	–	8,741
– Interest expenses on borrowings	39,796	–	39,796
Income tax expense	2,280	2,403	4,683

Notes to the Consolidated Financial Statements

8 SEGMENT INFORMATION (cont'd)

(c) Other segment information (cont'd)

	Year ended 31 December 2024		Total RMB'000
	Property leasing RMB'000	Property management services RMB'000	
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>			
Capital expenditure (Note)	366	–	366
Depreciation of property and equipment	5,338	23	5,361
Amortisation of intangible assets	450	–	450
Impairment losses on operating lease receivables recognised	5,257	–	5,257
Impairment losses on finance lease receivables recognised	(988)	–	(988)
Impairment losses on trade receivables (reversed)/recognised	(123)	1,397	1,274
Impairment losses on other receivables reversed	(1,630)	–	(1,630)
Gains on transfer of investment properties to finance lease receivables	(833)	–	(833)
Losses on lease modification from finance lease receivables	1,200	–	1,200
Fair value gains on financial assets at fair value through profit or loss	–	(4,167)	(4,167)
Fair value losses on investment properties	314,532	–	314,532
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>			
Finance income:			
– Interest income	(766)	(7)	(773)
– Interest income from finance lease receivables	(2,303)	–	(2,303)
Finance expenses:			
– Interest on lease liabilities	9,475	–	9,475
– Interest expenses on borrowings	46,914	–	46,914
Income tax (credit)/expense	(43,950)	4,644	(39,306)

Note:

Capital expenditure comprises additions to property and equipment (Note 19), investment properties (Note 20) and intangible assets (Note 21).

(d) Information about major customers

There was no revenue derived from a single external customer that accounted for 10% or more of the Group's revenues during the year ended 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements

9 REVENUE

	Year end 31 December	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers:		
– Property management services (Notes (a) and (c))	54,697	57,965
– Sales of goods (Note (b))	6,991	8,137
– Others	12	74
	61,700	66,176
Rental income:		
– Property lease income (Note 20)	153,531	188,613
Total revenue recognised	215,231	254,789
Disaggregation of revenue from contracts with customers:		
Timing of revenue recognition:		
– at a point in time	7,003	8,211
– over time	54,697	57,965
Total revenue from contracts with customers	61,700	66,176

Notes:

- (a) Revenue generated from property management services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.
- (b) Revenue generated from sales of goods is recognised at a point in time when the customer obtains control of the assets.
- (c) The following table shows unsatisfied performance obligations resulting from fixed-price long-term property management services contracts:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Aggregate amount of the transaction price allocated to long-term property management services contracts that the performance obligations of which are partially or fully unsatisfied as at 31 December:		
Expected to be recognised over one year	214,749	268,436
Expected to be recognised within one year	36,774	45,967
	251,523	314,403

The amount disclosed above does not include any variable consideration.

- (d) As at 31 December 2025, no assets recognised from incremental costs to obtain a contract.

Notes to the Consolidated Financial Statements

10 EXPENSES BY NATURE

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Employee benefit expenses* (Note 13)	37,349	36,831
Cost of sales of goods	4,893	5,765
Marketing and advertising costs	4,288	3,453
Legal and professional expenses	3,255	2,837
Tax and other levies	6,559	4,544
Property maintenance expenses (Note 20)	9,813	11,421
Electricity and water cost	5,018	6,314
Auditor's remuneration		
– Audit services	1,544	2,025
– Non-audit services	320	43
Technical service charges	552	976
Entertainment expenses	4,546	5,526
Depreciation of property and equipment** (Note 19)	4,999	5,361
Office and travelling expenses	138	166
Amortisation of intangible assets*** (Note 21)	426	450
Short-term leases expenses	63	99
Donation	1,362	231
Other expenses	5,200	5,602
Total cost of sales, selling and marketing expenses and administrative expenses	90,325	91,644
Analysed for reporting purposes:		
Cost of sales	43,087	43,856
Selling and marketing expenses	10,742	12,336
Administrative expenses	36,496	35,452
	90,325	91,644

* Employee benefit expenses of approximately RMB14,691,000 (2024: approximately RMB14,825,000), RMB5,345,000 (2024: approximately RMB4,731,000) and RMB17,313,000 (2024: approximately RMB17,275,000) has been included in cost of sales, selling and marketing expenses, and administrative expenses respectively.

** Depreciation of property and equipment of approximately RMB17,000 (2024: approximately RMB121,000) and RMB4,982,000 (2024: approximately RMB5,240,000) has been included in selling and marketing expenses and administrative expenses respectively.

*** Included in administrative expenses in the consolidated income statement.

Notes to the Consolidated Financial Statements

11 OTHER INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Compensation for land occupation (Note (a))	–	1,742
Forfeiture of advances received from customers	–	775
Commission income due to amendment of rental contracts	709	226
Others	566	660
	1,275	3,403

Note:

- (a) During the prior year ended 31 December 2024, Guangzhou Panyu District Land Development Center entered into a supplemental agreement with Guangzhou Shaxi Hotel for compensation of land occupation to develop the Guangzhou Shaxi metro station. The compensation of land occupation amounted to approximately RMB1,742,000 was recognised as other income.

12 OTHER GAINS – NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
(Losses)/gains on disposal of property and equipment	(2)	9
Gains on transfer of investment properties to finance lease receivables (Note 23(b))	19,919	833
Losses on disposal of investment properties (Note 28(b))	(2,734)	–
Gains/(losses) on lease modification from finance lease (Note 23(b))	3,801	(1,200)
Fair value (losses)/gains on financial assets at fair value through profit or loss	(5,034)	4,167
Exchange (losses)/gains	(42)	10
Penalties	(118)	(23)
Others	(210)	(15)
	15,580	3,781

Notes to the Consolidated Financial Statements

13 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonus	30,558	29,982
Pension costs – defined contribution plans (Note (a))	2,875	2,816
Other social security costs, housing benefits and other employee benefits	3,916	4,033
	37,349	36,831

(a) Pension costs – defined contribution plans

As stipulated by the rules and regulations in the PRC, the Group contributes to state-sponsored retirement plans for its employees in the PRC. The Group contributes to the retirement plans at rates of approximately 14% to 20% of the eligible employee's relevant salaries in the PRC and has no further obligation for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

(b) Five highest paid individuals

The five highest paid individuals include three (2024: three) directors for the year ended 31 December 2025, whose details of the emoluments are disclosed in Note 14. The emoluments paid and payable to the remaining two (2024: two) individual for the year ended 31 December 2025 are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	949	824
Pension costs – defined contribution plans	80	80
Other social security costs, housing benefits and other employee benefits	76	76
	1,105	980

The emoluments fell within the following bands:

	Year ended 31 December	
	2025	2024
Emolument bands (in HK\$)		
HK\$0 – HK\$1,000,000 (Equivalent to RMB0 – RMB939,670)	2	2

During the year ended 31 December 2025, neither directors nor the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2024: same).

Notes to the Consolidated Financial Statements

14 DIRECTORS' REMUNERATION

The remuneration of every director and chief executive for the year ended 31 December 2025 and 2024 are set out below:

31 December 2025

Name	Salaries RMB'000	Fees RMB'000	Bonus RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plans RMB'000	Total RMB'000
Executive directors						
Mr. Cheung Hon Chuen (Chief executive)	547	210	-	44	44	845
Mr. Mei Zuoting	487	200	-	-	-	687
Mr. Zhang Weixin	447	200	-	-	-	647
Non-executive directors						
Mr. Lin Lie	-	73	-	-	-	73
Ms. Wang Yixue	-	73	-	-	-	73
Mr. Zhao Hui (Note (ii))	-	73	-	-	-	73
Independent non-executive directors						
Dr. Zeng Zhaowu	-	110	-	-	-	110
Mr. Tan Michael Zhen Shan	-	110	-	-	-	110
Dr. Zheng Decheng	-	110	-	-	-	110
	1,481	1,159	-	44	44	2,728

Notes to the Consolidated Financial Statements

14 DIRECTORS' REMUNERATION (cont'd)

31 December 2024

Name	Salaries RMB'000	Fees RMB'000	Bonus RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Pension cost-defined contribution plans RMB'000	Total RMB'000
Executive directors						
Mr. Cheung Hon Chuen (Chief executive)	547	210	–	47	47	851
Mr. Mei Zuoting	353	200	–	–	–	553
Mr. Zhang Weixin	353	200	–	–	–	553
Non-executive directors						
Mr. Yu Xuecong (Note (i))	–	62	–	–	–	62
Mr. Lin Lie	–	12	–	–	–	12
Ms. Wang Yixue	–	74	–	–	–	74
Mr. Zhao Hui (Note (ii))	–	74	–	–	–	74
Independent non-executive directors						
Dr. Zeng Zhaowu	–	111	–	–	–	111
Mr. Tan Michael Zhen Shan	–	111	–	–	–	111
Dr. Zheng Decheng	–	111	–	–	–	111
	1,253	1,165	–	47	47	2,512

Notes:

- (i) Mr. Yu Xuecong resigned as non-executive director of the Company with effect from 1 November 2024.
- (ii) Mr. Zhao Hui was appointed as non-executive director of the Company with effect from 1 November 2024.
- (iii) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (iv) During the year ended 31 December 2025, no directors waived or agreed to waive any emoluments (2024: same).

(a) Directors' fee

The remuneration for the Executive Directors shown above were for their services as directors of the Company and for their services in connection with the management of the affairs of the Company and the Group. The remuneration for the Non-Executive Directors and the Independent Non-Executive Directors shown above were for their services as directors of the Company only.

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 December 2025 (2024: same).

Notes to the Consolidated Financial Statements

14 DIRECTORS' REMUNERATION (cont'd)

(c) Directors' termination benefits

No payment was made to the directors as compensation for early termination of appointment during the year ended 31 December 2025 (2024: same).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the year ended 31 December 2025 (2024: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of or at any time during the year ended 31 December 2025 (2024: same).

(f) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2025 (2024: same), except for the transactions disclosed in Note 35.

15 FINANCE EXPENSES – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income:		
– Interest income	(459)	(773)
– Interest income from finance lease receivables (Note 23(b))	(1,487)	(2,303)
	(1,946)	(3,076)
Finance expenses:		
– Interest on lease liabilities (Note 28(b))	8,471	9,475
– Interest expenses on borrowings	39,796	46,914
	48,267	56,389
Finance expenses – net	46,321	53,313

Notes to the Consolidated Financial Statements

16 INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax		
– PRC corporate income tax	16,184	13,499
Deferred income tax (Note 32)	(11,501)	(52,805)
	4,683	(39,306)

(a) PRC corporate income tax

The Group's subsidiaries in the PRC are subject to corporate income tax at tax rate of 25% during the year ended 31 December 2025 (2024: same).

(b) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

(c) Cayman Islands income tax

The Company is incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(d) British Virgin Islands income tax

The Group's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

(e) Hong Kong profits tax

Hong Kong profits tax has not been provided as the Group's subsidiaries incorporated in Hong Kong did not have any assessable profit during the year (2024: same).

Notes to the Consolidated Financial Statements

16 INCOME TAX EXPENSE/(CREDIT) (cont'd)

- (f) The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss before income tax	(23,085)	(201,429)
Tax calculated at applicable PRC corporate income tax rate of 25%	(5,771)	(50,357)
Tax effects of:		
– Expenses not deductible for tax purposes	817	966
– Tax losses for which no deferred income tax asset was recognised	9,637	10,085
Income tax expense/(credit)	4,683	(39,306)

17 LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's net loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the loss and share data used in the computations for basic and diluted loss per share attributable to owners of the Company:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(27,685)	(162,314)

	Number of shares Year ended 31 December	
	2025 '000	2024 '000
Weighted average number of shares for the purposes of basic and diluted loss per share	1,492,944	1,495,257

The Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024. Diluted loss per share is the same as the basic loss per share.

18 DIVIDEND

No dividends have been paid or declared by the Company during the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

19 PROPERTY AND EQUIPMENT

	Leased office buildings RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	8,477	2,063	346	10,886
Additions	–	6	167	173
Disposals	–	(186)	(15)	(201)
Depreciation charges (Note 10)	(4,176)	(915)	(270)	(5,361)
Closing net book amount	4,301	968	228	5,497
At 31 December 2024				
Cost	8,477	8,112	3,994	20,583
Accumulated depreciation	(4,176)	(7,144)	(3,766)	(15,086)
Net book amount	4,301	968	228	5,497
Year ended 31 December 2025				
Opening net book amount	4,301	968	228	5,497
Additions	8,421	8	1,567	9,996
Disposals	–	–	(2)	(2)
Depreciation charges (Note 10)	(4,301)	(376)	(322)	(4,999)
Closing net book amount	8,421	600	1,471	10,492
At 31 December 2025				
Cost	8,421	7,874	5,391	21,686
Accumulated depreciation	–	(7,274)	(3,920)	(11,194)
Net book amount	8,421	600	1,471	10,492

Depreciation of property and equipment were charged to the consolidated income statement as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Selling and marketing expenses (Note 10)	17	121
Administrative expenses (Note 10)	4,982	5,240
	4,999	5,361

Notes to the Consolidated Financial Statements

20 INVESTMENT PROPERTIES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Opening net book amount	1,971,588	2,284,851
Modification of lease liabilities in respect of lease contracts (Note 28(b))	(642)	(3,424)
Transfer to finance lease receivables (Note 23(b))	(15,750)	(1,640)
Early termination of lease (Note 28(b))	(5,828)	–
Lease modification from finance lease (Note 23(b))	8,230	6,260
Additions	4,141	73
Losses on change in fair value recognised in consolidated income statement	(116,045)	(314,532)
Closing net book amount	1,845,694	1,971,588
Analysis of investment properties:		
– properties on land use right certificates owned by the Group	838,630	888,200
– properties on right-of-use assets	1,007,064	1,083,388
	1,845,694	1,971,588

Amounts of rental income and direct operating expenses recognised in consolidated income statement for investment properties as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Rental income (Note 9)	153,531	188,613
Direct operating expenses incurred for investment properties that generated rental income during the year		
– Property maintenance expenses (Note 10)	(9,813)	(11,421)
	143,718	177,192

In prior years, the Group leased various land with shopping malls for its operations. Lease contracts are entered into for fixed term of 5 years to 30 years (2024: 5 years to 30 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

20 INVESTMENT PROPERTIES *(cont'd)*

In addition, lease liabilities of RMB168,498,000 (Note 28(b)) (2024: RMB193,859,000) were recognised with related right-of-use assets of RMB1,007,064,000 as at 31 December 2025 (2024: RMB1,083,388,000). The lease agreements do not impose the covenants other than the security interests in the leased assets that are held by the lessor.

As at 31 December 2025, investment properties of RMB810,230,000 (2024: RMB859,600,000) were pledged as collateral for the Group's borrowings (Note 31).

The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

For the year ended 31 December 2025, the Group incurred rental expenses relating to short-term leases amounted to RMB63,000 (2024: RMB99,000). No rental expenses relating to leases of low-value assets was incurred by the Group for the year ended 31 December 2025 (2024: Nil).

The total cash outflow for leases in the year ended 31 December 2025 was RMB30,159,000 (2024: RMB27,158,000).

Investment properties were revalued at 31 December 2025 and 2024 on income capitalisation method and comparison method by Masterpiece Valuation Advisory Limited, an independent valuer, who has appropriate professional qualification and relevant experience in the location and category of the investment property being valued.

The fair value of investment properties is a level 3 recurring fair value measurement. Details are set out in Note 7.3(b) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

21 INTANGIBLE ASSETS

	Computer software RMB'000
Year ended 31 December 2024	
Opening net book amount	2,569
Additions	120
Amortisation charges (Note 10)	(450)
Closing net book amount	2,239
At 31 December 2024	
Cost	5,454
Accumulated amortisation	(3,215)
Net book amount	2,239
Year ended 31 December 2025	
Opening net book amount	2,239
Amortisation charges (Note 10)	(426)
Closing net book amount	1,813
At 31 December 2025	
Cost	5,454
Accumulated amortisation	(3,641)
Net book amount	1,813

Amortisation of intangible assets were charged to the consolidated income statement as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Administrative expenses (Note 10)	426	450

Notes to the Consolidated Financial Statements

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contingent consideration of profit guarantees arising from:		
– Acquisition of Guangzhou Xinji Youxiang Property Co., Ltd. (“ Guangzhou Xinji Youxiang ”) (Note (a))	–	5,077
– Acquisition of Foshan Xinji Youxiang Commercial Service Co., Ltd. (“ Foshan Xinji Youxiang ”) (Note (b))	488	445
	488	5,522

Notes:

(a) Profit guarantee I

During the prior year ended 31 December 2022, a wholly owned subsidiary of the Group entered into an equity transfer agreement to acquire 100% equity interests in Guangzhou Xinji Youxiang (the “**Transfer Agreement I**”), pursuant to which Guangzhou Xinji Property Management Co., Ltd. (the “**Vendor I**”) has guaranteed to the Company that the accumulated audited net profit after tax of Guangzhou Xinji Youxiang for the next 5 financial years ended 31 December 2022, 2023, 2024, 2025 and 2026 immediately after the date of the Transfer Agreement I (the “**5-year Guaranteed Period**”) shall not be less than RMB31,000,000 (the “**Guaranteed Profit I**”).

In the event that the actual accumulated audited net profit after tax of Guangzhou Xinji Youxiang is less than the Guaranteed Profit I, the Vendor I shall compensate such shortfall to the Group in cash on dollar-for-dollar basis.

The movement of fair value of contingent consideration of profit guarantee I set as below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Balance as at 1 January	5,077	1,325
(Losses)/gains on change in fair value recognised in consolidated income statement	(5,077)	3,752
Balance as at 31 December	–	5,077

(b) Profit guarantee II

During the prior year ended 31 December 2022, a wholly owned subsidiary of the Group entered into an equity transfer agreement to acquire 100% equity interests in Foshan Xinji Youxiang (the “**Transfer Agreement II**”), pursuant to which Foshan Xinji Plaza Management Co., Ltd. (the “**Vendor II**”) has guaranteed to the Company that the accumulated audited net profit after tax of Foshan Xinji Youxiang for the 5-year Guaranteed Period shall not be less than RMB17,290,000 (the “**Guaranteed Profit II**”).

In the event that the actual accumulated audited net profit after tax of Foshan Xinji Youxiang is less than the Guaranteed Profit II, the Vendor II shall compensate such shortfall to the Group in cash on dollar-for-dollar basis.

The movement of fair value of contingent consideration of profit guarantee II set as below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Balance as at 1 January	445	30
Gains on change in fair value recognised in consolidated income statement	43	415
Balance as at 31 December	448	445

Notes to the Consolidated Financial Statements

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(cont'd)*

The fair value of the profit guarantee I and profit guarantee II were RMBNil (2024: RMB5,077,000) and RMB488,000 (2024: RMB445,000) as at 31 December 2025, which was determined by Masterpiece Valuation Advisory Limited, an independent valuer, based on the probabilistic flow method in which the respective cash flows for each year of Guangzhou Xinji Youxiang and of Foshan Xinji Youxiang represent the difference between the guaranteed profit and the actual profit after tax.

The directors of the Company estimated the respective projected net profits after tax of Guangzhou Xinji Youxiang and of Foshan Xinji Youxiang under sixteen (2024: sixteen) different scenarios with respective scenario probabilities. The fair value of the profit guarantee I and profit guarantee II were the probability weighted average of the present values of the shortfalls between the respective guaranteed profits and the respective projected net profits under the sixteen (2024: sixteen) scenarios. A discount rate of 16% (2024: 17%) has been used to calculate the present value of cash flows of the profit guarantee I and profit guarantee II respectively.

The fair value of financial assets at fair value through profit or loss is a level 3 recurring fair value measurement, which set out in Note 7.3(a) to the consolidated financial statements.

Details of the profit guarantees from the acquisition of subsidiaries in prior years are set out in the Group's circular dated 12 May 2022.

Notes to the Consolidated Financial Statements

23 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Operating lease receivables (Note (a))	54,383	56,978
Less: allowance for impairment of operating lease receivables	(19,205)	(14,692)
Operating lease receivables – net	35,178	42,286
Finance lease receivables (Note (b))	11,469	27,785
Less: allowance for impairment of finance lease receivables	(1,008)	(2,286)
Finance lease receivables – net	10,461	25,499
Trade receivables (Note (c))	10,999	8,534
Less: allowance for impairment of trade receivables	(2,165)	(2,937)
Trade receivables – net	8,834	5,597
Other receivables (Note (d))	43,940	21,646
Less: allowance for impairment of other receivables	(7,356)	(7,339)
Other receivables – net	36,584	14,307
Prepaid tax and other levies	7	44
Prepayment for lease	2,456	1,042
Other prepayments	2,703	2,048
Input VAT available for future deduction	3,058	3,144
	99,281	93,967
Less: non-current portion		
Finance lease receivables (Note (b))	–	(25,276)
Current portion	99,281	68,691

Notes to the Consolidated Financial Statements

23 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES (cont'd)**(a) Operating lease receivables**

The gross operating lease receivables at end of the year are analysed as follows:

	As at 31 December 2025 RMB'000	2024 RMB'000
Less than 1 year	54,383	56,978

(b) Finance lease receivables

The finance lease receivables are arising from the property leasing business. For finance lease receivables, the customers are obligated to settle the amounts according to the terms set out in the relevant lease contracts.

The gross finance lease receivables at end of the year are analysed as follows:

	As at 31 December 2025 Minimum lease payment RMB'000	Present value RMB'000
Not later than 1 year	15,776	11,469
Later than 1 year but not later than 5 years	–	–
More than 5 years	–	–
	15,776	11,469
Less: unearned finance income	(4,307)	–
Present value of minimum lease payments	11,469	11,469

	As at 31 December 2024	
	Minimum lease payment RMB'000	Present value RMB'000
Not later than 1 year	647	223
Later than 1 year but not later than 5 years	31,393	27,562
More than 5 years	–	–
	32,040	27,785
Less: unearned finance income	(4,255)	–
Present value of minimum lease payments	27,785	27,785

Notes to the Consolidated Financial Statements

23 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES (cont'd)

(b) Finance lease receivables (cont'd)

The movement in gross finance lease receivables during the year is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Balance at beginning of the year	27,785	56,179
Transfer from investment properties	35,669	2,473
Lease modification from finance leases	(4,429)	(7,460)
Interest income recognised (Note 15)	1,487	2,303
Settlement of rental income from finance lease receivables	(49,043)	(25,710)
Balance at end of the year	11,469	27,785

During the year ended 31 December 2025, the Group entered into agreements for sublease of properties for the periods which approximate the remaining lease periods of the properties held as right-of-use asset by the Group. Accordingly, the relevant investment properties (Note 20) with the carrying amount of RMB15,750,000 (2024: RMB1,640,000) were transferred to finance lease receivables, with the gains on transfer of investment properties from finance lease receivables amounted to RMB19,919,000 (2024: RMB833,000) recognised in profit or loss in respect of the year (Note 12), calculated as the difference between the fair value of finance lease receivables recognised amounted to RMB35,669,000 (2024: RMB2,473,000) and the carrying amount of RMB15,750,000 (2024: RMB1,640,000) of the investment properties transferred out (Note 20).

During the year ended 31 December 2025, the Group entered into supplemental agreements with sublease tenants under which certain terms and conditions set out in the original lease agreements were modified which resulted in gains on lease modification from finance lease with sublease tenants amounted to RMB3,801,000 (2024: losses on lease modification from finance lease amounted to RMB1,200,000) recognised in profit or loss in respect of the current year (Note 12). The gains on modification of finance leases was calculated as the difference between the carrying amount of the related finance lease receivables before the modifications amounted to RMB4,429,000 (2024: RMB7,460,000) and the fair value of the investment properties (Note 20) amounted to RMB8,230,000 (2024: RMB6,260,000) when the modification of the leases were effected.

Notes to the Consolidated Financial Statements

23 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES (cont'd)**(b) Finance lease receivables** (cont'd)

Amounts of finance income recognised in the consolidated income statement for finance lease receivables are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest income from finance lease receivables (Note 15)	1,487	2,303

(c) Trade receivables

The aging analysis of gross trade receivables based on recognition date at the respective balance sheet date is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	10,999	8,534

Notes to the Consolidated Financial Statements

23 LEASE AND TRADE RECEIVABLES AND OTHER RECEIVABLES (cont'd)**(d) Other receivables**

An analysis of the gross other receivables is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deposits paid (Note (i))	25,477	5,256
Refundable payments (Note (ii))	11,320	9,984
Advance payment for acquisition of subsidiaries (Note (iii))	5,283	5,283
Sundry receivables (Note (iv))	1,860	1,123
	43,940	21,646

Notes:

- (i) Included in the deposits paid is rental deposits paid for leasing the right-of use assets for its shopping mall operation.

During the year ended 31 December 2025, Guangzhou Shaxi International Hospitality Supplies City Company Limited, a wholly-owned subsidiary of the Company, paid a refundable deposit of RMB20,000,000 for participating in the bidding process in accordance with the terms of bid invitation documents of the lease of properties. On 17 December 2025, Guangzhou Shaxi International Hospitality Supplies City Company Limited is the successful bidder at the bidding process and hence, such refundable deposit paid for participating in the bidding process became as a security deposit for the lease of properties.

Details of the bidding process of the lease of properties and the successful bid for lease of properties are set out in the Group's circular dated 17 November 2025 and the Group's announcement dated 24 December 2025 respectively.

As at 31 December 2025, an impairment loss of RMB1,465,000 (2024: RMB1,465,000) was recognised for the rental deposits paid.

- (ii) It represents a payment for purchasing goods. As at 31 December 2025, an impairment loss of RMB249,000 (2024: RMB249,000) was recognised for the refundable deposits.

As at the date of approval of the consolidated financial statements, a refundable payment of RMB7,850,000 was refunded.

- (iii) It represents as an advance payment paid for acquisition of subsidiaries in prior years. As at 31 December 2025, the advance payment was fully impaired and an impairment loss of RMB5,283,000 (2024: RMB5,283,000) was recognised.

- (iv) As at 31 December 2025, an impairment loss of RMB359,000 (2024: RMB342,000) was recognised on sundry receivables.

- (e) As at 31 December 2025, lease and trade receivables and other receivables were denominated in RMB and the fair values of lease and trade receivables and other receivables approximated their carrying amounts (2024: same). Information about the impairment of lease and trade receivables and other receivables mentioned above was disclosed in Note 7.1(b).

24 INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trading of goods	–	1,168

Notes to the Consolidated Financial Statements

25 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash on hand – RMB	219	283
Cash at bank – RMB	692,721	581,323
– HK\$	802	895
	693,523	582,218
	693,742	582,501

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

26 SHARE CAPITAL AND PREMIUM

An analysis of the Company's issued share capital as at 31 December 2025 and 2024 are as follow:

	Number of ordinary shares		HK\$		
Authorised:					
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025		10,000,000,000		100,000,000	
	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB	Share premium RMB	Total RMB
Ordinary shares issued and fully paid:					
As at 1 January 2024	1,500,000,000	15,000,000	13,410,231	271,768,208	285,178,439
Repurchase and cancellation of issued ordinary shares (Note (a))	(7,056,000)	(70,560)	(63,081)	–	(63,081)
At 31 December 2024, 1 January 2025 and 31 December 2025	1,492,944,000	14,929,440	13,347,150	271,768,208	285,115,358

Note:

- (a) During the prior year ended 31 December 2024, the Company repurchased 7,056,000 of its own ordinary shares from the market through the Stock Exchange on 10 April 2024 and all such shares had been subsequently cancelled on 30 April 2024. The shares were repurchased at prices ranging from HK\$0.061 to HK\$0.068 per share, with an aggregate price paid by the Company of HK\$451,912 and an average price of HK\$0.064 per share.

Notes to the Consolidated Financial Statements

27 OTHER RESERVES

	Merger and other reserves RMB'000	Statutory reserves RMB'000	Total RMB'000
At 1 January 2024	57,042	60,783	117,825
Repurchase and cancellation of shares	(346)	–	(346)
Appropriation to statutory reserves (Note (a))	–	2,933	2,933
At 31 December 2024	56,696	63,716	120,412
At 1 January 2025	56,696	63,716	120,412
Appropriation to statutory reserves (Note (a))	–	4,467	4,467
At 31 December 2025	56,696	68,183	124,879

Note:

- (a) In accordance with the relevant laws and regulations in the PRC and the articles of association of the group companies incorporated in the PRC, the PRC group companies are required to appropriate 10% of the annual net profits of the companies, after offsetting any prior years' losses as determined under the applicable PRC accounting standards, to the statutory surplus reserve fund before distributing any net profits. When the balance of the statutory surplus reserve fund reaches 50% of the registered capitals of the respective PRC group companies, any further appropriation is at the discretion of the shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of registered capitals of the respective PRC group companies.

Notes to the Consolidated Financial Statements

28 TRADE AND OTHER PAYABLES AND LEASE LIABILITIES

(a) Trade and other payables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	11,864	17,502
Construction contract payables	24,059	22,179
Salary payables	24,260	20,907
Other tax liabilities	1,588	877
Deposits from tenants	62,775	59,199
Deposits from Property Developer (Note (i))	50,000	50,000
Accrued expenses	4,550	3,179
Other deposits received (Note (ii))	96	3,736
Other payables	1,154	1,069
	180,346	178,648
Less: non-current portion		
Deposits from tenants	(3,423)	(15,853)
Current portion	176,923	162,795

Notes to the Consolidated Financial Statements

28 TRADE AND OTHER PAYABLES AND LEASE LIABILITIES (cont'd)

(a) Trade and other payables (cont'd)

At 31 December 2025, the aging analysis of the trade and construction contract payables based on invoice date is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	22,534	25,706
Over 1 year	13,389	13,975
	35,923	39,681

As at 31 December 2025 and 2024, trade and other payables were denominated in RMB and their fair values approximated their carrying amounts.

Notes:

- (i) In June 2023, Guangzhou Shaxi Hotel, being an indirect wholly-owned subsidiary of the Company, was informed by Guangzhou Shenglong Fangyuan Real Estate Co., Ltd. (the "Property Developer"), a property developer, about a proposed redevelopment plan of Shaxi Village, which would cover the leased land and the shopping mall erected thereon. The Property Developer subsequently proposed to enter into an agreement (the "Proposed Compensation Agreement") with the landlord and Guangzhou Shaxi Hotel pursuant to which the Property Developer intends to pay a compensation amount of approximately RMB845 million to Guangzhou Shaxi Hotel in consideration of an early termination of the tenancy agreement between Guangzhou Shaxi Hotel and Shaxi Village. The Proposed Compensation Agreement will be effective upon the Shaxi Village Redevelopment Plan having been approved by the landowners of Shaxi Village. As at 31 December 2025, the Shaxi Village Redevelopment Plan has not been approved by the landowners of Shaxi Village.

The Group has received a deposit of RMB50,000,000 from the Property Developer, which is included in other payables.

- (ii) As at 31 December 2024, included in other deposits received was a refundable advance payment of RMB3,000,000 received from a potential lessee for leasing a property. During the year ended 31 December 2025, the advance payment of RMB3,000,000 was fully refunded due to unsuccessful negotiation of the lease agreement.

Notes to the Consolidated Financial Statements

28 TRADE AND OTHER PAYABLES AND LEASE LIABILITIES (cont'd)

(b) Lease liabilities

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within 1 year	18,131	27,675
Within a period of more than 1 year but not exceeding 2 years	16,218	23,506
Within a period of more than 2 years but not exceeding 5 years	56,288	59,494
Within a period of more than 5 years	77,861	83,184
	168,498	193,859
Less: Amount due for settlement after 12 months shown under non-current liabilities	(150,367)	(166,184)
Amount due for settlement within 12 months shown under current liabilities	18,131	27,675

The weighted average incremental borrowing rates applied to lease liabilities range from 4.30% to 4.65% (2024: from 4.30% to 4.65%).

Set out below is the movement of lease liabilities:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Balance at beginning of the year	193,859	214,867
Modification of lease liabilities in respect of lease contracts (Note 20)	(642)	(3,424)
Early termination of lease (Note (iii))	(3,094)	–
Interest on lease liabilities recognised (Note 15)	8,471	9,475
Settlement of lease liabilities	(30,096)	(27,059)
Balance at end of the year	168,498	193,859

Notes:

- (i) The Group mainly leases land use right and properties. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use assets are presented as property and equipment (Note 19) and investment properties (Note 20).
- (ii) Lease modification is a change in the scope of a lease or the consideration for a lease, that was not part of the original terms and conditions of the lease. During the years ended 31 December 2025 and 2024, lease modification of the Group consist of scenarios including extending the contractual lease term and modifying the consideration of original leased assets.
- (iii) During the year ended 31 December 2025, the landlord early terminated the original lease agreements with the Group, which resulted in losses on disposal of investment properties amounted to RMB2,734,000 (2024: Nil), of which a decrease in lease liabilities amounted to RMB3,094,000 (2024: Nil) and a decrease in investment properties (Note 20) amounted to RMB5,828,000 (2024: Nil).

Notes to the Consolidated Financial Statements

29 CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Business management services	5,465	5,465
Property management services	9,457	9,683
Sales of goods	8,444	7,272
	23,366	22,420

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Business management services RMB'000	Property management services RMB'000	Sales of goods RMB'000
For the year ended 31 December 2025			
Balance at beginning of the year	5,465	9,683	7,272
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	–	(9,683)	(7,272)
Increase in contract liabilities as receipts in advance	–	9,457	8,444
Balance at end of the year	5,465	9,457	8,444
	Business management services RMB'000	Property management services RMB'000	Sales of goods RMB'000
For the year ended 31 December 2024			
Balance at beginning of the year	5,465	13,670	841
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	–	(13,670)	(841)
Increase in contract liabilities as receipts in advance	–	9,683	7,272
Balance at end of the year	5,465	9,683	7,272

Notes to the Consolidated Financial Statements

30 ADVANCE FROM CUSTOMERS

The Group recognised the following advance from customers related to operating lease business:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Advance from customers	100,179	64,807

The Group receives payments from leases based on billing schedules as established in the leasing contracts.

31 BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank borrowings – Secured (Note (a), (b) and (c))	830,439	813,424
Total borrowings	830,439	813,424
Less: non-current portion		
Bank borrowings – Secured	(335,409)	(574,420)
Current portion	495,030	239,004

Notes:

- (a) As at 31 December 2025, bank borrowings of RMB677,209,000 (2024: RMB680,126,000) from Guangzhou Rural Commercial Bank Co., Ltd. South China Branch, bore floating interest ranging from 3.85% to 6.13% (2024: 4.43% to 6.06%) per annum, and bank borrowings of RMB153,230,000 (2024: RMB133,298,000) from China Zheshang Bank Co., Ltd. Jiangmen Branch, bore fixed interest at 5.00% (2024: 5.90%) per annum, were secured by (1) the investment properties of RMB810,230,000 (2024: RMB859,600,000) of the Group (Note 20); and (2) personal guarantee from Mr. Cheung Hon Chuen, Mr. Mei Zuoting, Mr. Zhang Weixin, directors of the Company, and Ms. Huang Wanyi, a spouse of Mr. Zhang Weixin, and Ms. Cai Huanqi, a spouse of Mr. Mei Zuoting.
- (b) The exposure of bank borrowings to interest-rate changes at the end of the reporting dates are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
6 months or less	830,439	813,424

Notes to the Consolidated Financial Statements

31 BORROWINGS (cont'd)

(c) The maturity of the bank borrowings is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	495,030	239,004
1–2 years	152,496	356,811
2–5 years	143,291	136,326
Over 5 years	39,622	81,283
	830,439	813,424

(d) The weighted average effective interest rates of borrowings are as follows:

	For the year ended 31 December	
	2025	2024
Bank borrowings	4.85%	5.70%

(e) The carrying amounts of current borrowings approximate their fair values due to their short-term maturities.

As at 31 December 2025, the carrying amounts of borrowings are primarily denominated in RMB and approximate their fair values (2024: same).

Notes to the Consolidated Financial Statements

32 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts of deferred income tax assets and liabilities of the Group after offsetting are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Gross deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	(56,838)	(61,957)
Set-off of deferred income tax assets pursuant to set-off provisions	53,526	59,318
Net deferred income tax assets	(3,312)	(2,639)
Gross deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	226,183	242,803
Set-off of deferred income tax liabilities pursuant to set-off provisions	(53,526)	(59,318)
Net deferred income tax liabilities	172,657	183,485

The net movements on deferred income tax are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Balance at beginning of the year	180,846	233,651
Credited to profit or loss (Note 16)	(11,501)	(52,805)
Balance at end of the year	169,345	180,846

Notes to the Consolidated Financial Statements

32 DEFERRED INCOME TAX (cont'd)

The movement in deferred income tax assets before offsetting during the year is as follows:

Deferred income tax assets	Temporary difference on recognition of cost of sales and expenses RMB'000	Allowance on doubtful receivables RMB'000	Lease liability RMB'000	Total RMB'000
At 1 January 2024	6,859	5,835	53,717	66,411
(Charged)/credited to profit or loss	(181)	979	(5,252)	(4,454)
At 31 December 2024 and at 1 January 2025	6,678	6,814	48,465	61,957
Credited/(charged) to profit or loss	601	620	(6,340)	(5,119)
At 31 December 2025	7,279	7,434	42,125	56,838

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB50,450,000 (2024: RMB51,908,000) in respect of losses amounting to RMB201,798,000 (2024: RMB207,633,000) of certain subsidiaries that can be carried forward against future taxable income as at 31 December 2025. These tax losses will expire up to years 2023 to 2027.

The movement in deferred income tax liabilities before offsetting during the year is as follows:

Deferred income tax liabilities	Temporary difference of investment properties RMB'000	Finance lease receivables RMB'000	Fair value of financial assets at fair value through profit of loss RMB'000	Total RMB'000
At 1 January 2024	281,076	18,647	339	300,062
Transfer to finance lease receivables/ transfer from investment properties	(410)	410	-	-
(Credited)/charged to profit or loss	(53,087)	(5,214)	1,042	(57,259)
At 31 December 2024 and at 1 January 2025	227,579	13,843	1,381	242,803
Transfer to finance lease receivables/ transfer from investment properties	(3,938)	3,938	-	-
Credited to profit or loss	(11,697)	(3,665)	(1,258)	(16,620)
At 31 December 2025	211,944	14,116	123	226,183

As at 31 December 2025, deferred income tax liabilities amounting to RMB35,921,000 (2024: RMB35,921,000), have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of the Group's subsidiaries in the PRC. Such amounts are permanently reinvested.

Notes to the Consolidated Financial Statements

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to cash generated from operations

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss before income tax	(23,085)	(201,429)
Adjustments for:		
Finance income (Note 15)	(1,946)	(3,076)
Finance expenses (Note 15)	48,267	56,389
Depreciation of property and equipment (Note 19)	4,999	5,361
Amortisation of intangible assets (Note 21)	426	450
Impairment losses recognised/(reversed) under expected credit loss model on:		
– Operating lease receivables (Note 7.1(b))	4,513	5,257
– Finance lease receivables (Note 7.1(b))	(1,278)	(988)
– Trade receivables (Note 7.1(b))	(772)	1,274
– Other receivables (Note 7.1(b))	17	(1,630)
Fair value losses on investment properties (Note 20)	116,045	314,532
Fair value losses/(gains) on financial assets at fair value through profit or loss (Note 12)	5,034	(4,167)
Losses/(gains) of disposal of property and equipment (Note 12)	2	(9)
Operating cash flows before changes in working capital	152,222	171,964
Decrease in inventories	1,168	1,727
Increase in lease and trade receivables and other receivables	(47,833)	(15,247)
(Increase)/decrease in restricted cash	(3,414)	5,990
Increase in trade and other payables	2,520	21,345
Increase in contract liabilities	946	2,444
Increase in advance from customers	35,372	15,578
Cash generated from operations	140,981	203,801

Notes to the Consolidated Financial Statements

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Reconciliation of liabilities arising from financing activities

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

	Borrowings (Note 31)	Lease liabilities (Note 28)	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2024	880,436	214,867	1,095,303
Cash flows:			
– Repayments	(68,446)	–	(68,446)
– Drawdown	–	–	–
– Interest paid	(45,480)	(9,475)	(54,955)
– Repayment of principal element of lease liabilities	–	(13,695)	(13,695)
Total changes from financing cash flows	(113,926)	(23,170)	(137,096)
Other non-cash movements:			
– Interest on lease liabilities	–	9,475	9,475
– Interest expense	46,914	–	46,914
– Lease modification (Note 28)	–	(3,424)	(3,424)
– Increase in lease liabilities from entering into new leases during the year	–	–	–
– Others	–	(3,889)	(3,889)
Balance as at 31 December 2024	813,424	193,859	1,007,283
Balance as at 1 January 2025	813,424	193,859	1,007,283
Cash flows:			
– Repayments	(167,124)	–	(167,124)
– Drawdown	183,000	–	183,000
– Interest paid	(38,657)	(8,471)	(47,128)
– Repayment of principal element of lease liabilities	–	(15,176)	(15,176)
Total changes from financing cash flows	(22,781)	(23,647)	(46,428)
Other non-cash movements:			
– Interest on lease liabilities	–	8,471	8,471
– Interest expense	39,796	–	39,796
– Lease modification (Note 28)	–	(642)	(642)
– Early termination of lease (Note 28)	–	(3,094)	(3,094)
– Others	–	(6,449)	(6,449)
Balance as at 31 December 2025	830,439	168,498	998,937

Notes to the Consolidated Financial Statements

34 COMMITMENTS**(a) Operating lease commitments – Group companies as lessor**

The Group is a lessor when the Group leases out property under long-term leases arrangements, which is non-cancellable operating lease agreements. The lease terms are mainly from 1 to 10 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum operating lease receivables under non-cancellable operating leases are as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	154,354	172,174
1–2 years	97,564	48,643
2–3 years	21,918	19,789
3–4 years	17,765	17,184
4–5 years	18,111	17,184
Over 5 years	20,145	35,747
	329,857	310,721

Notes to the Consolidated Financial Statements

35 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Below is the summary of the Group's related parties during the years ended 31 December 2024 and 2025:

Name	Relationship
Mr. Cheung Hon Chuen; Mr. Mei Zuoting; Mr. Zhang Weixin	Ultimate controlling shareholders
Ms. Huang Wanyi	A spouse of Mr. Zhang Weixin, an ultimate controlling shareholder
Ms. Cai Huanqi	A spouse of Mr. Mei Zuoting, an ultimate controlling shareholder
Guangzhou Xinji Real Estate Development Co., Ltd.	A company controlled by the ultimate controlling shareholders
Guangzhou Panyu Xinji Real Estate Development Co., Ltd.	A company controlled by the ultimate controlling shareholders
Foshan Xinji Plaza Management Co., Ltd.	A company controlled by the ultimate controlling shareholders
Guangdong Xinji Honeycomb Technology Co., Ltd.	Associate of the Group's ultimate controlling shareholders
Guangdong Yingbin Investment Management Co., Ltd.	A company controlled by the ultimate controlling shareholders
Guangzhou Lupiao Commercial Development Co., Ltd.	A company controlled by the ultimate controlling shareholders
Guangzhou Kwairan Commercial Development Co., Ltd.	A company controlled by the ultimate controlling shareholders

(b) Transactions with related parties

The following transactions occurred with related parties:

Rendering of services to related parties:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Guangzhou Lupiao Commercial Development Co., Ltd.	1,815	2,012
Guangzhou Kwairan Commercial Development Co., Ltd.	280	560
	2,095	2,572

Notes to the Consolidated Financial Statements

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)**(b) Transactions with related parties** (cont'd)

The following transactions occurred with related parties: (cont'd)

Sales of goods to related parties:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Guangzhou Xinji Real Estate Development Co., Ltd.	58	164
Guangzhou Panyu Xinji Real Estate Development Co., Ltd.	–	200
	58	364

Short-term lease from a related party:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Guangzhou Lupiao Commercial Development Co., Ltd.	–	300

(c) Key management personnel compensations

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	4,514	4,451
Pension costs – defined contribution plans	232	228
	4,746	4,679

(d) Balances with related parties

(i) Amount due from a related party:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-trade		
Foshan Xinji Plaza Management Co., Ltd.	993	–

Notes to the Consolidated Financial Statements

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(d) Balances with related parties (cont'd)

(ii) Amounts due to related parties:

	As at 31 December 2025 RMB'000	2024 RMB'000
Trade		
Guangzhou Lupiao Commercial Development Co., Ltd.	274	1,777
Guangzhou Kwairan Commercial Development Co., Ltd.	340	362
Guangzhou Xinji Real Estate Development Co., Ltd.	89	62
Guangdong Yingbin Investment Management Co., Ltd.	382	–
	1,085	2,201
Non-trade		
Mr. Zhang Weixin	269	363
	269	363
	1,354	2,564

The amounts due to related parties are trade in nature, unsecured, interest-free and repayable on demand.

(iii) Lease liabilities:

	As at 31 December 2025 RMB'000	2024 RMB'000
Trade		
Guangzhou Panyu Xinji Real Estate Development Co., Ltd.	87,175	92,891

(e) Guarantees

Guarantees provided to related party from the Group in respect of the related party's borrowings:

	As at 31 December 2025 RMB'000	2024 RMB'000
Mr. Zhang Weixin	269	363

Guarantees provided to the Group by related parties in respect of the Group's borrowings:

	As at 31 December 2025 RMB'000	2024 RMB'000
Mr. Cheung Hon Chuen; Mr. Mei Zuoting; Mr. Zhang Weixin; Ms. Huang Wanyi; Ms. Cai Huanqi	829,299	133,000

Notes to the Consolidated Financial Statements

36 BALANCE SHEET OF THE COMPANY

Information about the balance sheet of the Company at the end of the reporting period is as follows:

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		1,145,436	1,173,204
Current assets			
Amounts due from subsidiaries		321	2,966
Prepayments		187	191
Cash and cash equivalents		209	484
		717	3,641
Total assets		1,146,153	1,176,845
EQUITY			
Share capital and premium	26	285,115	285,115
Other reserves	(a)	1,476,311	1,476,311
Accumulated losses	(a)	(623,900)	(592,647)
Total equity		1,137,526	1,168,779
LIABILITIES			
Current liabilities			
Amount due to a subsidiary		5,951	5,951
Other payables		2,676	2,115
Total liabilities		8,627	8,066
Total equity and liabilities		1,146,153	1,176,845

The balance sheet of the Company was approved and authorised for issue by the Board of Directors on 30 March 2026 and was signed on its behalf by:

Cheung Hon Chuen
Director

Mei Zuoting
Director

Notes to the Consolidated Financial Statements

36 BALANCE SHEET OF THE COMPANY (cont'd)

Note:

(a) Reserve movement of the Company is as follows:

	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	1,476,657	(426,673)	1,049,984
Loss for the year	–	(165,974)	(165,974)
Repurchase and cancellation of shares	(346)	–	(346)
At 31 December 2024	1,476,311	(592,647)	883,664
At 1 January 2025	1,476,311	(592,647)	883,664
Loss for the year	–	(31,253)	(31,253)
At 31 December 2025	1,476,311	(623,900)	852,411

Notes to the Consolidated Financial Statements

37 SUBSIDIARIES

The Group's principal subsidiaries as at 31 December 2025 are set out below.

Name of entity	Place and date of incorporation/ establishment and kind of legal entity	Registered/issued capital and paid up capital	Attributable equity interest of the Group		Principal activities and place of operation
			As at 31 December 2025	2024	
Directly owned:					
Xinji Shaxi Holding Limited ("信基沙溪控股有限公司")	BVI, 24 July 2018	US\$50,000/US\$1	100%	100%	Investment holding, BVI
Xinji Meihao Holding Limited ("信基美好控股有限公司")	BVI, 9 September 2021	US\$50,000/US\$1	100%	100%	Investment holding, BVI
Indirectly owned:					
Hong Kong Xinji Shaxi Hotel Suppliers Development Limited ("香港信基沙溪酒店用品發展有限公司")	Hong Kong, 28 August 2018	HK\$10,000/ HK\$10,000	100%	100%	Investment holding, Hong Kong
Guangzhou Xinji Shaxi Industrial Investment Co., Ltd ("Guangzhou Xinji") ("廣州信基沙溪實業投資有限公司")	The PRC, 25 September 2018 (i)	RMB300,000,000/ RMB239,557,400	100%	100%	Investment holding, the PRC
Guangzhou Shaxi International Hospitality Supplies City Company Limited ("Guangzhou Shaxi Hotel") ("廣州沙溪國際酒店用品城有限公司")	The PRC, 8 January 2002 (ii)	RMB310,000,000/ RMB252,803,020	100%	100%	Leasing services, the PRC
Guangzhou Xinji Yuzheng Commercial Operation Co., Ltd ("Xinji Yuzheng") ("廣州信基譽正商業運營有限公司")	The PRC, 24 February 2021 (iii)	RMB10,000,000/ RMB10,000,000	100%	100%	Leasing services, the PRC
Guangzhou Wanhua Hospitality Supplies City Company Limited ("Guangzhou Wanhua") ("廣州萬華酒店用品城有限公司")	The PRC, 24 June 2004 (iii)	RMB100,800,000/ RMB94,800,000	100%	100%	Leasing services, the PRC

Notes to the Consolidated Financial Statements

37 SUBSIDIARIES (cont'd)

Name of entity	Place and date of incorporation/ establishment and kind of legal entity	Registered/issued capital and paid up capital	Attributable equity interest of the Group		Principal activities and place of operation
			As at 31 December		
			2025	2024	
Shenyang Shaxi International Home Furnishings Expo Centre Company Limited ("瀋陽沙溪國際家居用品博覽中心有限公司")	The PRC, 10 June 2009 (iii)	RMB30,000,000/ RMB10,000,000	100%	100%	Leasing services, the PRC
Shenyang Xinji Industrial Centre Company Limited ("Shenyang Xinji Industrial") ("瀋陽信基實業有限公司")	The PRC, 13 May 2009 (iii)	RMB240,000,000/ RMB171,000,000	100%	100%	Leasing services, the PRC
Guangdong Xinji Household Company Limited ("廣東信基家居有限公司")	The PRC, 14 November 2013 (iii)	RMB10,000,000/ RMB7,522,174	100%	100%	Leasing services, the PRC
Guangzhou Xinji Zunxiang Service Co., Ltd. ("廣州信基尊享服務有限公司")	The PRC, 2 November 2021 (iii)	RMB15,000,000/ RMB10,000,000	100%	100%	Property Management Service, the PRC
Foshan Xinji Youxiang Commercial Service Co., Ltd. ("佛山信基優享商業服務有限公司")	The PRC, 20 December 2021 (iii)	RMB1,000,000	100%	100%	Property Management Service, the PRC
Guangzhou Xinji Youxiang Property Co., Ltd. ("廣州信基優享物業有限公司")	The PRC, 10 August 2021 (iii)	RMB10,000,000	100%	100%	Property Management Service, the PRC
Guangdong Jiucheng Technology Co., Ltd. ("廣東玖誠網絡科技有限公司")	The PRC, 9 April 2021 (iii)	RMB10,000,000	80%	80%	Online trading, the PRC

Notes:

- (i) This subsidiary is wholly foreign owned enterprise under the PRC law.
- (ii) This subsidiary is a sino-foreign equity joint venture under the PRC law.
- (iii) These subsidiaries are domestic enterprises under the PRC law.

The English names of some of the subsidiaries referred to above represent management's best efforts at translating the Chinese names of these subsidiaries as they do not have official English names.

DEFINITIONS

“AGM”	annual general meeting of the Company
“Articles” or “Memorandum and Articles of Association”	the memorandum and articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CHSA”	China Hotel Supplies Association (中國酒店用品協會)
“COVID-19”	Coronavirus Disease 2019
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” and “our Company”	Xinji Shaxi Group Co., Ltd (信基沙溪集團股份有限公司), a company incorporated on 27 July 2018 under the laws of the Cayman Islands as an exempted company with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of the annual report, refers to the controlling shareholders of the Company
“Director(s)”	the director(s) of our Company
“FY2024”	the year ended 31 December 2024
“FY2025”	the year ended 31 December 2025
“GFA”	gross floor area

Definitions

“Group”, “our Group”, “we”, “us” or “our”	the Company and its subsidiaries, or any of them or, where the context so required, in respect of the period before the Company became the holding company of its present subsidiaries, the companies which carried on the business of the present Group at the relevant time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“home supplies”	products including furniture, building ceramics, lightings, floorings, coatings, wall finish, hardware and electrical equipment, kitchen and bathroom furnishings, home textiles and decorative items
“Honchuen Investment”	HONCHUEN INVESTMENT LIMITED, a company incorporated under the laws of the BVI with limited liability on 31 May 2018, which is wholly-owned by Mr. Cheung
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“hospitality supplies”	a collection of products that meet the needs for the operation of hotels, restaurants and clubs
“hospitality supplies shopping mall”	a professional shopping mall selling hospitality supplies for the operation of hotels, restaurant and clubs or other industry customers
“Huiqun Investment Limited”	HUIQUN INVESTMENT LIMITED, a company incorporated under the laws of the BVI with limited liability on 6 June 2018
“Independent Third Party(ies)”	person(s) or entity(ies) that is or are not connected person(s) within the meaning of the Listing Rules
“Latest Practicable Date”	16 April 2026, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained in this annual report
“LFA”	leaseable floor area
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	8 November 2019, being the date on which the Shares are listed on the Main Board and from which dealings in the Shares commence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

Definitions

“Main Board”	the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Cheung”	Mr. Cheung Hon Chuen (張漢泉), an executive Director, our Chairman and one of our founders and Controlling Shareholders
“Mr. Mei”	Mr. Mei Zuoting (梅佐挺), an executive Director and one of our founders and Controlling Shareholders
“Mr. Zhang”	Mr. Zhang Weixin (張偉新), an executive Director and one of our founders and Controlling Shareholders
“occupancy rate”	the total leased LFA divided by total LFA at a given date
“online shopping mall”	our online shopping mall selling hospitality supplies and home furnishings at www.jdyp.jd.com under the trade name of “Xinji Hospitality Supplies Shopping Mall (信基酒店用品城)”
“PRC” or “China”	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 25 October 2019
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by the written resolutions of the Shareholders passed on 3 October 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

Definitions

“Weixin Development”	WEIXIN DEVELOPMENT OVERSEAS LIMITED, a company incorporated under the laws of the BVI with limited liability on 31 May 2018, which is wholly-owned by Mr. Zhang
“Xinji Company”	Xinji Group Company Limited* (信基集團有限公司), formerly known as Guangzhou Xinji Industrial Investment Company Limited* (廣州市信基實業投資有限公司), a limited liability company established in the PRC on 9 July 2007, which is co-owned by Mr. Cheung, Mr. Mei and Mr. Zhang
“Xinji Group”	the subsidiaries of Xinji Company and companies which are controlled by our Controlling Shareholders and operated under the brand name of “Xinji”, excluding our Group
“Zuoting Investment”	ZUOTING INVESTMENT LIMITED, a company incorporated under the laws of the BVI with limited liability on 31 May 2018, which is wholly-owned by Mr. Mei