



泓盈城市運營服務集團股份有限公司

HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2529



2025

ANNUAL REPORT

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I. CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xie Yi (*Chairman of the Board*)
Mr. Yang Xin (*General Manager*)
Mr. Duan Wenming (*Chief Financial Officer*)
Mr. Wong Kwok Fu (*resigned with effect from February 12, 2026*)

Non-executive Director

Mr. Yu Xiao

Independent non-executive Directors

Ms. Chan Ka Lai Vanessa
Dr. Dai Xiaofeng
Mr. Tse Chi Wai

BOARD COMMITTEE

Audit Committee

Ms. Chan Ka Lai Vanessa (*Chairperson*)
Mr. Yu Xiao
Mr. Tse Chi Wai

Remuneration and Evaluation Committee

Dr. Dai Xiaofeng (*Chairperson*)
Ms. Chan Ka Lai Vanessa
Mr. Yang Xin

Nomination Committee

Mr. Xie Yi (*Chairperson*)
Dr. Dai Xiaofeng
Mr. Tse Chi Wai

SUPERVISOR COMMITTEE (REMOVED ON JUNE 9, 2025)

Mr. Huang Guohui (*Chairperson*) (*resigned with effect from June 9, 2025*)
Ms. Peng Juanjuan (*resigned with effect from June 9, 2025*)
Ms. Xiao Mingxi (*resigned with effect from June 9, 2025*)

JOINT COMPANY SECRETARIES

Mr. Wong Kwok Fu (*resigned with effect from February 12, 2026*)
Mr. Duan Wenming (*appointed with effect from February 12, 2026*)
Mr. Lam Kang Chi

AUTHORIZED REPRESENTATIVES

Mr. Wong Kwok Fu (*resigned with effect from February 12, 2026*)
Mr. Duan Wenming (*appointed with effect from February 12, 2026*)
Mr. Lam Kang Chi

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building,
10 Chater Road, Central,
Hong Kong

I. CORPORATE INFORMATION

LEGAL ADVISER

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DeHeng Law Offices (Hong Kong) LLP
28/F, Henley Building
5 Queen's Road Central
Central
Hong Kong

As to PRC Law
DeHeng Law Offices (Changsha)
Building A
No. 268 Mulian Middle Road
Yuhua District
Changsha
Hunan Province
PRC

PRINCIPAL BANK

Bank of Changsha
Xiangjiang New Area Branch
No. 300 Jinxing South Road
Yuelu District, Changsha
Hunan Province
PRC

REGISTERED OFFICE

9/F, Building A1
Xiangjiang Times Square
No. 179, Pilot Road
Yuelu District, Changsha
Hunan Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

9/F, Building A1
Xiangjiang Times Square
No. 179, Pilot Road
Yuelu District, Changsha
Hunan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

H SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

2103B, 21/F, 148 Electric Road
North Point
Hong Kong

INVESTOR RELATIONS

Email: ir@hollwingroup.com

COMPANY'S WEBSITE

www.hollwingroup.com

STOCK CODE OF HONG KONG STOCK EXCHANGE

02529

II. FINANCIAL SUMMARY AND FIVE-YEAR FINANCIAL SUMMARY

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended December 31,	
	2025	2024
Revenue <i>(RMB in thousands)</i>	674,664	683,511
Gross profit <i>(RMB in thousands)</i>	173,676	172,324
Gross profit margin	25.7%	25.2%
Profit for the year <i>(RMB in thousands)</i>	74,488	71,482
Net profit margin	11.0%	10.5%
Profit for the year attributable to equity shareholders of the Company <i>(RMB in thousand)</i>	74,376	71,858
Basic and diluted earnings per share <i>(RMB)</i>	0.46	0.50
Proposed final dividend per share <i>(RMB)</i>	0.24	0.23

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of December 31,	
	2025	2024
	<i>(RMB in thousands)</i>	
Total assets	945,841	896,548
Cash and cash equivalents	353,253	354,668
Total equity	412,206	374,518

II. FINANCIAL SUMMARY AND FIVE-YEAR FINANCIAL SUMMARY

RECENT FIVE-YEAR FINANCIAL SUMMARY

	For the year ended December 31,				
	2021	2022	2023	2024	2025
	(RMB in thousands)				
Revenue	431,653	528,523	651,875	683,511	674,664
Cost of sales	(324,347)	(406,976)	(500,044)	(511,187)	(500,988)
Gross profit	107,306	121,547	151,831	172,324	173,676
Profit and total comprehensive income for the year	40,841	53,596	70,178	71,482	74,488
Profit attributable to:					
Equity shareholders of the Company	40,400	53,095	70,178	71,858	74,376
Non-controlling interests	441	501	–	(376)	112
Earnings per share, basis and diluted (RMB)	0.34	0.44	0.58	0.50	0.46

	As of December 31,				
	2021	2022	2023	2024	2025
	(RMB in thousands)				
Assets					
Non-current assets	62,884	45,750	53,834	59,560	71,538
Current assets	393,689	493,715	596,260	836,988	874,303
Total assets	456,573	539,465	650,094	896,548	945,841
Equity and liabilities					
Total equity	143,915	185,676	255,854	374,518	412,206
Non-current liabilities	–	30	2,132	3,999	3,295
Current liabilities	312,658	353,759	392,108	518,031	530,340
Total liabilities	312,658	353,789	394,240	522,030	533,635
Total equity and liabilities	456,573	539,465	650,094	896,548	945,841

III. CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Hollwin Urban Operation Services Group Co., Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the annual report for the year ended December 31, 2025 (the “**Reporting Period**”).

The past year marked the successful conclusion of our “14th Five-Year Plan” and served as a critical “year of cultivation,” during which we navigated a complex macroeconomic landscape and intensifying industry competition to solidify our market position and realize steady growth.

In 2025, the Group demonstrated remarkable operational resilience as we achieved a revenue of RMB674.7 million. Our “Property Services +” model continues to yield significant results, as evidenced by our property management sector which obtained landmark contracts including Rail Transit Line 4 (軌道交通4號線) and the Maglev Express Line (磁懸浮快線). Our focus on innovation and social responsibility continues to drive our corporate value. We successfully launched the Yueliangdao Parking Lot (月亮島停車場) and secured three new smart parking patents, reflecting our transition toward technologically-driven urban services. As a state-owned enterprise, we fulfilled our public mandates with excellence, maintaining iconic city landmarks like Orange Isle (橘子洲) and the Xiangjiang Riverside Belt (湘江風光帶), while contributing to the creation of a distinctive urban cultural and tourism brand in Changsha City. These efforts were recognized as we rose to 42nd in the top property management service enterprises in China in 2025 (2025中國物業服務百強企業), and were honored as the “Leading Smart Urban Services Enterprise in China 2025” (2025中國智慧城市服務領先企業) and the “Leading Enterprise of Characteristic Property Management Service in China 2025 – Urban Lighting” (2025中國特色物業服務領先企業—城市照明). In addition, the Group obtained three software copyrights, and two invention patents during the Reporting Period.

Looking ahead to 2026, which marks the opening year of our “15th Five-Year Plan”, we are committed to achieving record revenue and net profit growth. To achieve this, we will strengthen capital operations through a disciplined acquisition strategy to boost market density and enterprise value. In terms of management optimization, to accelerate the Group’s transition toward a market-oriented model and to stimulate our employees’ entrepreneurial drive and commitment, we are committed to initiate and reinforce reforms, potentially covering organizational structure and remuneration and incentive mechanisms. We also plan to optimize our business layout by consolidating our market edge in public property management while expanding into rail transit, healthcare, and energy-saving urban services. We will remain focused on improving service quality, accelerating our digital and intelligent transformation, and building core competitiveness across diversified business lines in the pursuit of delivering greater long-term value to our shareholders (the “**Shareholders**”) and contributing positively to society.

Hollwin Urban Operation Service Group Co., Ltd

Mr. Xie Yi

Chairman and Executive Director

Changsha, Hunan Province, the PRC

March 27, 2026

IV. MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY ANALYSIS

Reflecting on 2025, the global economy displayed tentative signs of recovery, but momentum remained weak amid persistent geopolitical tensions and slowing global trade. China's economy continued to undergo structural adjustment in light of the soft domestic demand and rising geopolitical headwinds.

The property management industry in China remained sluggish midst the pressure from rising cost and hampered revenue growth. On one hand, the implementation of national policies which govern and standardize social insurance increased labour costs; on the other hand, property management fees have come under downward pressure due to intensified market competition and rising customer expectations, posing additional challenges for market players to maintain profitability. Notwithstanding the above, the Group was able to exhibit resilience during the Reporting Period by leveraging its ties with, and the business resources of, Changsha Urban Development Group Co., Ltd. (長沙城市發展集團有限公司) (“**CSUDGCL**”) and its subsidiaries (excluding the Group) (“**CSUD Group**”).

The urban services industry in China maintained a moderate recovery momentum in 2025 with the growth of the urban lighting segment in Changsha city being propelled by economic and political factors. With the rise of “night-time” consumption in Changsha city under the heated “night-time economy”, demand for landscape lighting and immersive cultural tourism projects increased, which in turn bolstered demand for products such as LED lighting and smart control systems. Notwithstanding the above, the landscaping and engineering segment in Changsha city remain subdued. The total number of landscaping projects engaged by market players, and in turn the revenue, declined year-on-year. This is primarily due to the decrease in new infrastructure investment, the lackluster property sector, and the implementation of industrial policies which intensified price competition in tendering.

BUSINESS REVIEW

The Group is a state-owned urban service and operation provider deeply rooted in Hunan Province, especially in Changsha. The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on May 17, 2024 (the “**Listing Date**”) by way of global offering (the “**Listing**”).

The Group focuses on providing a wide spectrum of services to its customers, forming a cohesive business layout rooted in urban areas. Headquartered in Changsha, Hunan Province, the Group has established a solid market presence in the region. The services the Group provides can be divided into three reporting segments depending on service characteristics and industry standards: (i) property management services, including different property management services and value-added services to public properties, commercial properties, and residential properties; (ii) urban services, including landscaping and engineering, lighting system operation, parking lot operation, and municipal sanitation services; and (iii) commercial operation services.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

The Group has built a reputation in the local market by serving a variety of property owners and developers, and its prospects are reliant on the relationships the Group has cultivated with these property owners and developers. The Group believes that provision of diverse services will improve customers' loyalty, increase the Group's brand recognition and enhance business operations and financial performance. According to China Index Academy ("CIA"), the Group was ranked 42nd among the top 100 property management service enterprises in China in 2025 (2025中國物業服務百強企業). The Group was also recognized as "Leading Enterprise of Characteristic Property Management Service in China 2025 – Urban Lighting" (2025中國特色物業服務領先企業－城市照明), "Leading Smart Urban Services Enterprise in China 2025" (2025中國智慧城市服務領先企業), and "Outstanding Property Management Well-known Enterprise in Urban Services in China 2025" (2025中國城市服務優秀物業品牌企業) by CIA, and "Best ESG Pioneer Implementor Listed Company" (最佳ESG先鋒實踐上市公司) by Hong Kong Commercial Daily.

During the Reporting Period, the Group derived revenue primarily from three reporting segments, namely, (i) property management services; (ii) urban services; and (iii) commercial operation services.

Project Portfolio

The following table sets forth the number of projects and gross floor area ("GFA") under management of property management services, urban services, and commercial operation services as of the dates indicated:

	As of December 31,			
	2025		2024	
	Number of projects	GFA under management (million sq.m.)	Number of projects	GFA under management (million sq.m.)
Property management services	135	15.9	81	11.4
Urban services	225	— ^{Note}	265	— ^{Note}
Commercial operation services	54	0.8	57	0.8
Total	414	16.7	403	12.2

Note: Urban services projects are not measured by GFA under management.

Property management services – accounting for approximately 48.4% of the Group's total revenue

The Group provides public property management services, commercial property management services and residential property management services. Public properties include civic squares, parks and scenic spots, urban exhibition halls, government office buildings and schools; commercial properties include commercial office buildings, commercial complexes and sales centres; and residential properties mainly include residences and apartments. In addition, the Group also provides a wide range of value-added services to address customers' needs and improve their experience at the managed properties, such as customized order maintenance services, decoration management services, and affiliated carpark space management services.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's revenue from property management services amounted to approximately RMB326.2 million, representing an increase of approximately 12.1% as compared to the same period in 2024, mainly due to the increase in the GFA and number of projects under management of the Group.

As of December 31, 2025, the Group had 135 property management service projects under management in total, representing a year-on-year increase of 54 projects. This growth was primarily driven by the Group's enhanced efforts in market expansion, as a result of leveraging the business resources of CSUD Group and actively exploring business opportunities with independent third-party customers. Notable projects managed by the Group during the Reporting Period included, inter alia, Xiangjiang Fortune Finance Centre (湘江財富金融中心), whereby the Group managed and oversaw components within and proximate to the finance centre, Xiangjiang New Area Integrated Transportation Hub (湘江新區綜合交通樞紐), and Changsha International Convention and Exhibition Center (長沙國際會展中心). As of December 31, 2025, the GFA under management of the Group's property management services was approximately 15.9 million sq.m., representing a year-on-year increase of 39.5%.

As of December 31, 2025, the Group had 91 property management service projects over public, commercial and residential properties with GFA under management of approximately 15.86 million sq.m, and 44 projects in respect of security services with GFA under management of approximately 0.04 million sq.m.

The following table sets forth the number of projects and GFA under management of property management services by property type (i.e. excluding security services) as of the dates indicated:

	As of December 31			
	2025		2024	
	Number of projects	GFA under management (million sq.m.)	Number of projects	GFA under management (million sq.m.)
Public properties	39	11.3	30	7.0
Commercial properties	39	2.7	39	2.5
Residential properties	13	1.8	12	1.8
Total	91	15.8	81	11.4

IV. MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the number of projects and GFA under management of property management services by project source as of the dates indicated:

	As of December 31			
	2025		2024	
	Number of projects	GFA under management (million sq.m.)	Number of projects	GFA under management (million sq.m.)
CSUD Group and its associates	104	5.0	56	4.7
Independent third parties	31	10.8	25	6.6
Total	135	15.8 ^(note)	81	11.4

Note: the total GFA under management denoted in this table differs from that disclosed above (i.e. 15.9 million sq.m.) due to rounding adjustments in the calculation and presentation of figures.

During the Reporting Period, a majority of property management service projects under management were sourced from CSUD Group and its associates. As of December 31, 2025, the number of projects sourced from CSUD Group and its associates was 104, while the number of projects sourced from independent third parties was 31, representing an increase of 48 and 6 projects compared to December 31, 2024, respectively. The GFA under management of projects sourced from CSUD Group and its associates was approximately 5.0 million sq.m., while the GFA under management of projects sourced from independent third parties was approximately 10.8 million sq.m., representing a year-on-year increase of 7.0% and 64.2% respectively.

The following table sets forth the number of projects and GFA under management of property management services by region as of the dates indicated:

	As of December 31			
	2025		2024	
	Number of projects	GFA under management (million sq.m.)	Number of projects	GFA under management (million sq.m.)
Hunan Province (Changsha)	132	15.3	78	10.8
Jiangxi Province (Pingxiang)	1	— ⁽¹⁾	1	— ⁽¹⁾
Guizhou Province (Guiyang)	2	0.6	2	0.6
Total	135	15.9	81	11.4

Note:

- For this specific commercial property management service project located in Jiangxi Province, GFA was not specified in its contract.

As of December 31, 2025, the Group managed 132 properties with an aggregate GFA under management of approximately 15.3 million sq.m. in Hunan Province, representing an increase of 54 projects year-on-year. Meanwhile, the number of projects and GFA under management in Jiangxi Province and Guizhou Province remained relatively stable during the Reporting Period, as compared to the same period in 2024.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Urban services – accounting for approximately 41.6% of the Group's total revenue

Founded on the Group's established expertise, experience and track record of providing quality and tailor-made management services to various categories of properties, the Group has been extending its business capacities to become a state-owned professional urban service provider specializing in serving public spaces and municipal infrastructures. The Group assists local governments and public institutions in providing urban services to improve the living experience and environment of citizens. The Group's urban services mainly include (i) landscaping and engineering, which comprises of landscape construction and engineering construction; (ii) lighting system operation, which comprises of landscape lighting operation and functional lighting operation; (iii) parking lot operation, which comprises of the operation and management of public parking spaces by self-operation and leasing; and (iv) municipal sanitation services, which comprises of the cleaning of municipal infrastructures such as city roads, the external walls of buildings along the main road, street lamps, and bus platforms. Notable projects managed by the Group during the Reporting Period included, inter alia, the renovation of Changsha Radio and Television Transmission Tower (長沙廣播電視發射塔), the operation and maintenance of Changsha City functional lighting system, the quality enhancement and maintenance of the system of "One River Two Banks (一江兩岸)" and the Second Loop Line Sanitation Integration Project (Hedong segment) (二環線環衛一體化項目) (河東段).

During the Reporting Period, the Group's revenue from urban services amounted to RMB280.9 million, representing a decrease of 15.2% from RMB331.1 million for the same period in 2024. The decrease was primarily attributable to a decline in revenue from landscaping and engineering services, driven by a decrease in number of projects under management as a result of overall market contraction rendered by local government debt resolution and slower growth in infrastructure investment.

As of December 31, 2025, the total aggregate number of urban services projects was 225, representing a year-on-year decrease of 40 projects relative to December 31, 2024. The decline was primarily attributable to (i) the termination of certain projects as a result of changes in customers' operational circumstances; and (ii) a decrease in newly engaged projects, as impacted by the sluggish macro-economic environment and property sector.

Landscaping and engineering

Taking modern city landscaping and engineering as one of its foci in urban services, the Group is a landscaping construction provider integrating (i) landscaping, mainly including landscape greening, scenery, garden water application, garden electricity application, garden road engineering, landscape structures, and rooftop greening; and (ii) engineering, mainly including garbage disposal, heat pipe engineering and hard paving of surface parking lots. As of December 31, 2025, the Group completed 84 landscaping and engineering projects, representing an approximate decrease of 27 projects compared to the 111 projects completed by December 31, 2024. The decline is attributable to the overall market contraction driven by local government debt resolution and slower growth in infrastructure investment.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Lighting system operation

The Group's lighting system operation is divided into two categories, landscape lighting operation and functional lighting operation. Landscape lighting mainly refers to the lighting of scenic spots, high-rise buildings, and other places within the urban planning area, with the primary purpose to enhance the cultural and artistic atmosphere of the city. Functional urban lighting mainly refers to the lighting of public areas such as roads, tunnels, bridges, and squares within the urban planning area, with the primary purpose to improve the safety and convenience of the city. As of December 31, 2025, the Group had been providing services for 6 lighting system operation projects, remaining stable as compared to December 31, 2024.

Parking lot operation

The Group is mainly engaged in the operation and management of stand-alone public parking lots on the ground, underground, and under bridge. According to its business operation, the Group divides the parking lot operation into two models: self-operation and leasing to other entities or individuals. By utilizing abundant site resources, including geographical advantages and economies of scale, the Group can meet the needs of different users and bring stable business opportunities. As of December 31, 2025, the Group had been providing services for 130 parking lot operation projects, representing an approximate decrease of 17 projects compared to the 147 projects completed by December 31, 2024. The decrease is attributable to the termination of certain projects as a result of changes in customers' operational circumstances, and the fewer number of newly engaged projects.

Municipal sanitation services

Leveraging its advantages built on providing traditional property management services, the Group has been exploring, investigating and developing in the fields of municipal sanitation and environmental sanitation, forming a competitive urban operation service pattern. The municipal sanitation services the Group provides mainly include road cleaning, sweeping and upkeep, and cleaning of bus stops and signage. The Group also provides services of cleaning, collection and transportation of urban domestic waste. As of December 31, 2025, the Group had been providing services for 5 municipal sanitation projects, remaining stable as compared to December 31, 2024.

Commercial operation services – accounting for approximately 10.0% of the Group's total revenue

The Group offers a wide range of commercial property operation services to developers, owners, and tenants, including preliminary business planning, preliminary operation analysis, tenant recruitment, lease agreement formulation, opening guidance, and daily operation counseling.

As of December 31, 2025, the Group provided commercial operation services to 54 commercial properties, with a total GFA under management of approximately 0.8 million sq.m, reflecting a stable project portfolio relative to that as of December 31, 2024. During the Reporting Period, the Group's revenue from commercial operation services amounted to RMB67.6 million, representing an increase of 10.2% from RMB61.3 million for the same period in 2024. The increase was primarily attributable to (i) the rise in rental and management fees; and (ii) the full-year revenue recognition of certain projects which kick-started during 2024.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

In 2026, the Group will continue to uphold its mission of “making urban life better” and reinforce its focus on expanding its market presence, strengthening brand recognition, and improving corporate governance to sharpen its competitive edge.

(i) Strengthening Market Position and Expanding Business Scale

The Group will work to further solidify its market presence in Hunan Province while carefully exploring growth opportunities that are consistent with its strategic vision. In addition to strengthening its collaboration with CSUD Group, the Group is committed to undergo strategic mergers and acquisitions to increase market penetration, accelerate the acquisition of critical qualifications, and tap into new project engagements. The Group aims to continue broaden its customer base through measured and selective co-operation with independent third-party developers, government agencies, and other clients. This approach is designed to enhance its service portfolio and diversify revenue streams in a manner that aligns with its overarching long-term objectives. The Group endeavors to convey and promote its investment value to the market, whilst driving steady growth in its market capitalization.

(ii) Renavigating Project Portfolio and Shaping Competitive Edge

The Group will maintain a strong focus on delivering exceptional service quality and ensuring customer satisfaction in response to the evolving needs of urban residents and businesses. Underpinned by a market-oriented and quality-centric approach, the Group seeks to continue optimize its business layout by deploying the right resources to the right segment. Firstly, the Group will continue to center its efforts on improving its property management services, specifically in fields such as parks, government properties and scenic areas, whilst proactively expanding its foothold in the sizeable markets of rail transit, schools, and residential and commercial properties. Secondly, the Group aims to renavigate its approach in the urban services market, which shall include expanding its presence in the field of urban environment maintenance, and promoting the renovation of urban lighting systems to achieve energy optimization and efficiency. Lastly, the Group seeks to granularize its operational capacity and innovate its business model with the launch of its own proprietary intellectual property. These measured initiatives are intended to support sustainable growth and help secure its standing as a trusted provider in the industry.

(iii) Strengthening Corporate Governance to Ensure Long-Term Development

Following the implementation of the “15th Five Year” strategic development plan, the Group will continue to develop robust corporate governance measures with high standards of transparency, and formulate management optimization initiatives to ensure the smooth implementation of reforms and measures. In addition, it will continue to refine its sustainability measures by factoring in Environmental, Social, and Governance (ESG) in its operations, which shall include implementing eco-friendly property management solutions to reduce carbon emissions, promoting employee development and workplace safety to foster a high-performance culture, and engaging in community development projects to contribute to social well-being. The aforesaid efforts underscore the Group’s dedication to enhance organizational effectiveness and fostering sustainable growth whilst safeguarding long-term interests of the Group’s stakeholders.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by 1.3% from RMB683.5 million for the year ended December 31, 2024 to RMB674.7 million for the Reporting Period, primarily due to the decrease in revenue derived from urban services.

- *Property management services.* Revenue from property management services increased by 12.1% from RMB291.1 million for the year ended December 31, 2024 to RMB326.2 million for the Reporting Period, mainly attributable to (i) an increase in the GFA under management from 11.4 million sq.m. as of December 31, 2024 to 15.9 million sq.m. as of December 31, 2025; and (ii) an increase in the number of projects under management from 81 as of December 31, 2024 to 135 as of December 31, 2025.
- *Urban services.* Revenue from urban services decreased by 15.2% from RMB331.1 million for the year ended December 31, 2024 to RMB280.9 million for the Reporting Period, mainly attributable to the decrease in revenue from landscaping and engineering services due to a decrease in number of projects under management as a result of overall market contraction rendered by local government debt resolution and slower growth in infrastructure investment.
- *Commercial operation services.* Revenue from commercial operation services increased by 10.2% from RMB61.3 million for the year ended December 31, 2024 to RMB67.6 million for the Reporting Period. The increase was primarily attributable to (i) the rise in rental and management fees; and (ii) the full-year revenue recognition of certain projects which kick-started in 2024.

Cost of Sales

The cost of sales of the Group slightly decreased by 2.0% from RMB511.2 million for the year ended December 31, 2024 to RMB501.0 million for the Reporting Period, which was in line with the decrease in revenue for the same period.

Gross Profit and Gross Profit Margin

The gross profit of the Group slightly increased by 0.8% from RMB172.3 million for the year ended December 31, 2024 to RMB173.7 million for the Reporting Period. The gross profit margin during the Reporting Period was 25.7%, representing an increase of 0.5 percentage points as compared to 25.2% for the year ended December 31, 2024.

Other Net Income

The Group's other net income decreased by 52.2% from RMB0.5 million for the year ended December 31, 2024 to RMB0.3 million for the Reporting Period, primarily due to the decrease in government grants.

Selling Expenses

The Group's selling expenses decreased by 23.8% from RMB4.4 million for the year ended December 31, 2024 to RMB3.4 million for the Reporting Period, primarily due to the decrease in selling expenses from the commercial operation services segment of the Group, which aligned with the Company's cost-optimization strategy.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

The Group's administrative expenses decreased by 7.0% from RMB68.1 million for the year ended December 31, 2024 to RMB63.4 million for the Reporting Period, primarily due to the decrease in number of senior personnel in the commercial operation services department.

Expected Credit Loss

The Group's expected credit loss increased by 16.4% from RMB9.7 million for the year ended December 31, 2024 to RMB11.3 million for the Reporting Period, primarily due to the increase in contract assets.

Finance Income

The Group's finance income decreased by 18.4% from RMB2.7 million for the year ended December 31, 2024 to RMB2.2 million for the Reporting Period, primarily due to the decrease in effective interest rate and cash at banks, leading to lower interest income from bank deposits.

Share of Profits Less Losses of an Associate and Joint Ventures

The Group's share of profits less losses of an associate and joint ventures decreased by 35.3% from RMB1.8 million for the year ended December 31, 2024 to RMB1.2 million for the Reporting Period, primarily due to the decrease in shared results of the associate and joint ventures.

Income Tax

The Group's income tax increased by 4.5% from RMB23.6 million for the year ended December 31, 2024 to RMB24.7 million for the Reporting Period, mainly attributable to the increase in the profit before taxation.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, the Group recorded the profit and total comprehensive income of RMB74.5 million for the Reporting Period, representing an increase of 4.2% relative to the year ended December 31, 2024.

Inventories

The Group's inventories increased by 32.2% from RMB3.7 million as of December 31, 2024 to RMB4.9 million as of December 31, 2025, mainly attributable to the increase in inventory levels of accessories for lighting system maintenance.

Contract Assets

The Group's contract assets increased by 10.9% from RMB286.3 million as of December 31, 2024 to RMB317.5 million as of December 31, 2025, primarily due to the increase in unsettled balance due from certain government entities as a result of the prolonged settlement cycle.

Trade Receivables

The Group's trade receivables remained relatively stable at RMB165.4 million and RMB165.2 million as of December 31, 2024 and 2025, respectively.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Prepayments and Other Receivables

The Group's prepayment and other receivables increased by 49.7% from RMB21.6 million as of December 31, 2024 to RMB32.3 million as of December 31, 2025, primarily due to the increase in balances derived from (i) maintenance fee advances made in respect of commercial operation services which are reimbursable in nature; and (ii) energy cost prepayments arising from the increased number of property management projects managed by the Company during the Reporting Period.

Trade Payables

The Group's trade payables remained relatively stable at RMB328.1 million and RMB331.6 million as of December 31, 2024 and 2025, respectively.

Other Payables

The Group's other payables increased by 5.6% from RMB151.9 million as of December 31, 2024 to RMB160.3 million as of December 31, 2025, primarily due to the increase in balances derived from payroll payable to employees as the Company adjusted the payment schedule of bonuses.

Property, Plant and Equipment

The Group's property, plant and equipment consist primarily of (i) machinery and electronic equipment, (ii) motor vehicles, (iii) right-of-use assets, (iv) leasehold improvement, (v) furniture and others, and (vi) construction in progress. The carrying amount of property, plant and equipment increased by 50.2% from RMB17.3 million as of December 31, 2024 to RMB26.0 million as of December 31, 2025, primarily due to the increased acquisition of electric vehicles for the purpose of delivering governmental projects and in light of ESG considerations.

Intangible Assets

The Group's intangible assets significantly increased from RMB47,000 as of December 31, 2024 to RMB3.9 million as of December 31, 2025, primarily due to the Company's acquisition and deployment of the smart platform system.

Liquidity and Capital Resources and Current Assets

In order to manage the Group's cash, maintain strong and healthy liquidity and ensure that the Group is well positioned to take advantage of future growth opportunities, the Group has adopted comprehensive treasury policies which detailed specific functions and internal control measures for capital use, covering, including but not limited to, procedures of capital management and liquidity management. The Group relies on the said policies to review and monitor its financial resources and has maintained stable financial condition and sufficient liquidity throughout. As of December 31, 2025, the Group did not have any outstanding borrowings or banking facilities.

The Group's cash and cash equivalents remained relatively stable at RMB354.7 million and RMB353.3 million as of December 31, 2024 and 2025, respectively.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Risk

The Group's principal activities are conducted in the PRC. Except for certain net proceeds raised from the Listing, which are denominated in Hong Kong dollars, the Group is not exposed to any significant risk directly related to foreign exchange fluctuations. Taking into account the potential RMB exchange rate fluctuations, the Group will continue to monitor its foreign exchange exposure and take prudent measures to reduce its foreign exchange risk. For the Reporting Period, the Group did not use any financial instruments for hedging purposes.

Capital Expenditure

The following table sets out the Group's capital expenditure for the years indicated:

	For the year ended December 31,	
	2025	2024
	(RMB in thousands)	
Additions to purchase of property, plant and equipment and other non-current assets	17,966	4,935

Gearing Ratio

The Group's gearing ratio was 129.5% as of December 31, 2025 (as of December 31, 2024: 139.4%). The gearing ratio is calculated by dividing total liabilities by total equity as of the date indicated and multiplied by 100%.

Contingent Liabilities

The Group had no material contingent liabilities as of December 31, 2025.

Pledge of Assets

As of December 31, 2025, none of the assets of the Group was pledged.

Significant Investments, Material Acquisitions and Disposals and Future Plans

For the Reporting Period, the Group did not have any significant investments, material acquisitions and disposals.

Except for the expansion plans disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Company's prospectus dated May 8, 2024 (the "**Prospectus**"), there were no significant investments or acquisition of capital assets authorised by the Board as of the date of this report, and the Group will continue to identify new opportunities for business development whenever possible and appropriate.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds from the Global Offering

The Company was listed on the Main Board of the Stock Exchange on May 17, 2024 by way of global offering of ordinary shares of the Company, including a public offering in Hong Kong of 12,000,000 H shares and an international offering of 28,000,000 H shares, in each case at a price of HK\$3.2 per H share (collectively the **“Global Offering”**). After deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering amounted to approximately HK\$86.4 million. On April 17, 2026, the Board has resolved to change the use of proceeds from the Global Offering (the **“Change in Use of Proceeds”**), the details of which are set out in the announcement of the Company dated April 17, 2026 (the **“Change in Use of Proceeds Announcement”**). The details of the use of proceeds from the Global Offering is as follow:

Usage	Original planned allocation of net proceeds stated in the Prospectus HK\$ million (approximately)	Unutilised net proceeds as at 31, December 2024 HK\$ million (approximately)	Utilised net proceeds during the Reporting Period HK\$ million (approximately)	Unutilised net proceeds as at December 31, 2025 HK\$ million (approximately)	Adjustments to the allocation of remaining net proceeds HK\$ million (approximately)	Revised remaining net Proceeds as at the date of the Change in Use of Proceeds Announcement HK\$ million (approximately)	Expected timeline for full utilisation of the balance
Strategic acquisitions,	25.2	25.2	–	25.2	12.6	37.8	By the end of 2026
Purchase of vehicles and equipment, including:							
(i) Purchase operational vehicles for municipal sanitation services	17.1	17.1	(11.0)	6.1	–	6.1	By the end of 2026
(ii) Procure operational vehicles and equipment for lighting system operation services	1.0	1.0	–	1.0	–	1.0	By the end of 2026
Technological investment, including							
(i) Develop and optimize the internal management information system	7.4	5.1	–	5.1	–	5.1	By the end of 2026
(ii) Develop and enhance business operating system	6.4	6.4	–	6.4	–	6.4	By the end of 2027
(iii) Develop device connection systems	7.4	7.4	–	7.4	–	7.4	By the end of 2026
(iv) Recruit engineers for software development and maintenance	0.7	0.7	–	0.7	–	0.7	By the end of 2026
Talent training and retention							
(i) Expand the Group's dedicated team	11.8	11.8	(0.6)	11.2	(11.2)	–	
(ii) Optimize talent training programs	1.4	1.4	–	1.4	(1.4)	–	
Working capital (for payroll purposes)	8.0	8.0	(8.0)	–	–	–	
Total	86.4	84.1	(19.6)	64.5	–	64.5	

The expected timeline for full utilisation of the balance of proceeds for (i) strategic acquisitions and (ii) procurement of operational vehicles and equipment for lighting system operation services has been extended to the end of 2026, primarily due to (i) the schedule of the acquisition of Hunan Liwei Zhongtian Technology Development Co., Ltd.* (湖南力唯中天科技发展有限公司) (the **“Acquisition”**), as disclosed in the announcement of the Company dated April 17, 2026 (the **“Acquisition Announcement”**); and (ii) the delayed procedure schedule of the operational vehicles due to varying business demands.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

The utilization of the net proceeds has been converted from RMB into HKD at an exchange rate of RMB0.9081 to HKD1.00 (which is made reference to the exchange rate used in the Prospectus). No representation is made that any amount in HKD or RMB could have been or could be converted at the above rates or of any other rates. The net proceeds are currently held in bank deposits and will continue to be applied in the manner consistent with the proposed allocations in the Prospectus and the Change in Use of Proceeds Announcement. For further information, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Change in Use of Proceeds Announcement, and the Acquisition Announcement.

Employees and Remuneration Policy

As of December 31, 2025, the Group had a total of 545 employees. For the Reporting Period, the total staff cost of the Group was RMB101.1 million (the year ended December 31, 2024: RMB107.1 million). The Group's employee remuneration policy is determined by factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group considers the employee's annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service quality. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labor dispute during the Reporting Period.

V. DIRECTORS AND SENIOR MANAGEMENT

Below are the brief profiles of our current Directors and senior management.

DIRECTORS

During the year ended December 31, 2025, the Board comprised of eight Directors. Mr. Wong Kwok Fu tendered his resignation as the executive Director with effect from February 12, 2026. As at the date of this report, the Board comprises of seven Directors, of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors.

Executive Directors

Mr. Xie Yi (謝毅), aged 47, has been an executive Director and the Chairman of the Board of our Company since November 2018. Mr. Xie is primarily responsible for the daily operations, formulation of the overall strategy, business planning and operation decisions of the Group.

Mr. Xie currently holds the following positions in the subsidiaries of our Company as set out below:

Name of entity	Position
Changsha Chengtou Property Service Co., Ltd.* (長沙城投物業服務有限公司)	Executive Director and General Manager
Changsha Chengtou Asset Management Co., Ltd.* (長沙城投資產經營有限責任公司)	Executive Director

Mr. Xie has over 14 years' experience in overall strategic planning and corporate operations, investment and financial decisions and financial management relating to property and business management industry.

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

From September 2003 to October 2005, Mr. Xie served in Guangzhou Lantian Wanguo Commerce Co., Ltd.* (廣州藍田萬國商業有限公司), a company principally engaged in commercial asset operations and property management business. From June 2006 to September 2006, Mr. Xie served in Beida Property Management Co., Ltd.* (廣州北達物業管理有限公司), a company principally engaged in property management business. From April 2007 to March 2011, Mr. Xie served in Guangzhou Riyu Real Estate Agent Co., Ltd.* (廣州市日裕房地產置業有限公司), a company principally engaged in real estate management, commercial asset operation and property management business. From April 2011 to June 2015, Mr. Xie successively served as the deputy general manager of Xiangyang Wanda Plaza Commercial Management Co., Ltd.* (襄陽萬達廣場商業管理有限公司) and general manager of Jiyuqiao Wanda Plaza in Wuhan Branch of Dalian Wanda Property Management Co., Ltd.* (大連萬達物業管理有限公司武漢分公司) (currently known as Wuhan Branch of Shenzhen Wanxiangmei Property Management Co., Ltd.* (深圳市萬象美物業管理有限公司武漢分公司)), companies principally engaged in commercial asset operations and property management matters, during which he was primarily responsible for handling commercial asset operations and property management matters. From June 2015 to July 2016, Mr. Xie served as the general manager of Hangzhou Xiasha Commercial Branch* (杭州下沙商業公司) of Shanghai Shangsheng Investment Management Consulting Co., Ltd.* (上海商盛投資管理諮詢有限公司). Shanghai Shangsheng Investment Management Consulting Co., Ltd. is an indirect wholly-owned subsidiary of Powerlong Commercial Management Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 9909), a company principally engaged in commercial and property management business, where he was primarily responsible for handling commercial asset operations and property management matters. From July 2016 to January 2017, Mr. Xie served as the general manager of Changsha branch company of Beijing Jiahua Liyuan Commercial Management Co., Ltd.* (北京嘉華利遠商業管理有限公司), a subsidiary of Huayuan Property Co., Ltd.* (華遠地產股份有限公司) and principally engaged in commercial and property management business, where he was primarily responsible for handling commercial asset operations and property management matters. From March 2017 to June 2017, Mr. Xie served as the general manager of commercial management department of Zhongshan Lihe Real Estate Co., Ltd.* (中山市利和置業有限公司), a company principally engaged in real estate and property management business, where he was primarily responsible for handling commercial asset operations and property management matters.

Mr. Xie subsequently served as a general manager of Changsha Pilot Hengtong Commercial Management Co., Ltd.* (長沙先導恆通商業管理有限公司) from July 2017 to February 2019. From November 2018 to March 2019, he also served as the executive director and general manager of Yanghu Wetland Development and Management Co., Ltd.* (洋湖濕地開發管理有限公司), a subsidiary of CSUD Group, and from November 2018 to January 2026, he served as the executive director of Changsha Chengfa Property Management Co., Ltd.* (長沙城發物業管理有限公司) and Changsha Urban Lighting Operation and Development Co., Ltd.* (長沙城市照明運營發展有限公司).

Mr. Xie graduated from Hunan Public Security College* (湖南公安高等專科學校) in the PRC in December 2002, and obtained an MBA degree from Hong Kong Asian Business School (香港亞洲商學院) in Hong Kong in May 2012.

In September 2005, Mr. Xie obtained the national property management enterprise manager certificate (全國物業管理企業經理崗位證書) from Personnel Education Department of the Ministry of Construction* (建設部人事教育司) and Housing and Real Estate Department of the Ministry of Construction* (建設部住宅與房地產業司). In December 2008, Mr. Xie obtained the property manager certificate (物業管理師證) from Occupational Skills Testing Authority of the Ministry of Labor and Social Security* (勞動和社會保障部職業技能鑒定中心). In December 2021, Mr. Xie was accredited as an intermediate political engineer (中級政工師) by Changsha Title Reform Leading Group* (長沙市職稱改革工作領導小組).

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Xin (陽鑫), aged 42, has been an executive Director and the general manager of our Company since October 2024 and is primarily responsible for the overall management, commercial operations and providing guidance for the overall development of our Group.

Mr. Yang obtained a bachelor's degree in engineering in June 2006 and a master degree in engineering in June 2016 from Central South University of Forestry and Technology* (中南林業科技大學). Mr. Yang has over 17 years of large-scale state-owned construction and project management experience, excels at operational management, has a broad vision and holistic approach as well as a proactive business mindset.

From July 2006 to December 2006, Mr. Yang served as a construction crew of Changsha Municipal Company* (長沙市市政公司). From December 2006 to December 2010, Mr. Yang successively served as the site representative of the engineering department and the deputy director of the office of Changsha Municipal Engineering Construction Headquarters* (長沙市代建工程建設指揮部). From December 2010 to December 2014, Mr. Yang successively served as an office staff member, the deputy director, and the director of the general office of Changsha Urban Investment Infrastructure Construction Project Management Co., Ltd.* (長沙市城投基礎設施建設項目管理有限公司), which is a wholly-owned subsidiary of CSUDGCL. From December 2014 to March 2020, Mr. Yang successively served as the head of the engineering management department and the director of the office of Changsha Urban Construction Investment and Development Group Co., Ltd.* (長沙市城市建設投資開發集團有限公司) ("**CUCID Group**"), a wholly-owned subsidiary of CSUDGCL. From October 2019 to March 2020, Mr. Yang also served as the head of the office of CSUDGCL. From March 2020 to July 2020, Mr. Yang served as the general manager of the emergency management department of CSUDGCL. From July 2020 to March 2022, Mr. Yang served as the general manager of Changsha Bridge and Tunnel Maintenance and Operation Co., Ltd.* (長沙市橋樑隧道養護運營有限公司), a wholly-owned subsidiary of CSUDGCL. From March 2022 to September 2024, Mr. Yang served as the general manager of the corporate management department of CSUDGCL.

Mr. Duan Wenming (段文明), aged 41, has been an executive Director of our Company since August 2021 and the Chief Financial Officer of our Company since September 2022. He was appointed as the joint company secretary with effect from February 12, 2026. He is primarily responsible for the overall financial and cost management, tax planning and capital market-related matters of the Group.

Mr. Duan successively served in multiple positions in the subsidiaries of CSUD Group, including an accountant and head of finance department of Changsha Pilot Yanghu Construction Investment Company Limited* (長沙先導洋湖建設投資有限公司) from February 2010 to October 2013, the manager of the finance department of Changsha Xiangjiang New City Investment Company Limited* (長沙湘江新城投資有限公司) from November 2013 to December 2016, and the chief financial officer of Changsha Yueliangdao Cultural and Tourism New City Investment Company Limited* (長沙月亮島文旅遊新城投資有限公司) from December 2016 to January 2019. Mr. Duan also served as the general manager assistant of the finance management department of Changsha Pilot Investment Holding Group Company Limited (長沙先導投資控股集團有限公司) ("**Pilot Investment**") since January 2019. From March 2020 to September 2022, Mr. Duan successively served as the general manager assistant and the deputy general manager of the asset management department of CSUDGCL, during which Mr. Duan was responsible for the overall financial management and capital market matters of the Group.

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Mr. Duan obtained a bachelor's degree in management from Heilongjiang University of Science and Technology* (黑龍江科技大學) (formerly known as Heilongjiang Institute of Science and Technology* (黑龍江科技學院)) in the PRC in June 2007.

In April 2009, Mr. Duan obtained the qualification of certified public accountant (註冊會計師) from Ministry of Finance of the PRC (中華人民共和國財政部). In September 2023, Mr. Duan obtained the qualification of public valuer (資產評估師) from China Appraisal Society* (中國資產評估協會).

Non-executive Director

Mr. Yu Xiao (余效), aged 48, had been a Director of our Company from November 2020 and was re-designated as a non-executive Director since May 11, 2023. Mr. Yu is primarily responsible for formulation of business strategies and providing guidance for the overall development of the Group.

From December 2006 to July 2009, Mr. Yu worked at the Hunan Branch of Pan-China Certified Public Accountants Firm (Special General Partnership) (天健會計師事務所(特殊普通合夥)湖南分所). From July 2009 to February 2015, Mr. Yu successively served as the accountant of the finance management department, business manager of the finance management department, and assistant to the general manager of the finance management department in Pilot Investment. From February 2015 to February 2019, Mr. Yu served as the chief financial officer of Changsha Pilot Yanghu Construction Investment Company Limited (長沙先導洋湖建設投資有限公司), and from February 2019 to April 2020, the deputy general manager of the audit and legal department of Pilot Investment. Since March 2020, Mr. Yu has served as the deputy general manager of the Financial Management Department of CSUD Group. Besides, Mr. Yu also served as the supervisor of Changsha Pilot Industry Investment Co., Ltd.* (長沙先導產業投資有限公司), Hunan Huaboyuan Investment and Development Co., Ltd.* (湖南花博園投資發展有限公司) and Hunan Urban Countryside Tourism Development Co., Ltd.* (湖南都市鄉村旅遊發展有限公司) from November 2020, July 2023 and July 2023, respectively, all untill May 2025.

Mr. Yu graduated with a major in finance (correspondence program) from Hunan University (湖南大學) in the PRC in July 2012.

In January 2007, Mr. Yu obtained the certified public accountant certificate (註冊會計師) issued by the Ministry of Finance of the PRC (中華人民共和國財政部). In October 2008, Mr. Yu obtained the certificate of securities professional from the Securities Association of China (中國證券業協會證券從業資格證書).

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Ms. Chan Ka Lai Vanessa (陳嘉麗), aged 52, has been appointed as an independent non-executive Director effective from May 2023. She is mainly responsible for providing independent advice on finance, internal control and risk management matters of the Group.

Ms. Chan has served as the operating director of WA C&E Limited, a company specialized in providing professional accounting, company secretarial and business advisory services in Hong Kong, since January 2019. From July 1995 to August 2005, Ms. Chan worked in KPMG with her last position as a senior manager. She then worked in The Kowloon Motor Bus Co. (1933) Ltd. (九龍巴士(一九三三)有限公司), a subsidiary of Transport International Holdings Limited whose shares are listed on the Stock Exchange (stock code: 62), from August 2005 to February 2008, with her last position as the accounting manager. From November 2009 to December 2018, Ms. Chan worked in China Agri-Industries Holdings Limited (中國糧油控股有限公司), a company previously listed on the Stock Exchange, with her last position as a financial controller. Ms. Chan was appointed as the independent non-executive director of Hunan Junxin Environmental Protection Co., Ltd. (湖南軍信環保股份有限公司) in August 2025.

Ms. Chan has also served as the independent non-executive directors of the following companies listed on the Stock Exchange, namely Innovax Holdings Limited (創陞控股有限公司) (stock code: 2680) since September 2018, Tycoon Group Holdings Limited (滿貫集團控股有限公司) (stock code: 3390) since April 2020, Lepu ScienTech Medical Technology (Shanghai) Co., Ltd. (樂普心泰醫療科技(上海)股份有限公司) (stock code: 2291) since September 2022, and China Renaissance Holdings Limited (華興資本控股有限公司) (stock code: 1911) since June 2025.

Ms. Chan obtained a bachelor's degree in accounting from Hong Kong Polytechnic University (香港理工大學) in Hong Kong in October 1995.

Ms. Chan has been a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2006 and a member of the Association of Chartered Certified Accountants since October 2006. She is also an associate member of The Chartered Governance Institute since September 2020 and the Hong Kong Institute of Directors since January 2018.

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Dr. Dai Xiaofeng (戴曉鳳), aged 65, has been appointed as an independent non-executive Director effective from May 2023. She is mainly responsible for providing independent advice on the operation and management of the Group.

Dr. Dai has been a professor of the School of Finance and Statistics of Hunan University* (湖南大學金融與統計學院) since 2001. Dr. Dai previously served as the independent non-executive director in the following listed companies: Hunan Huatian Great Hotel Co., Ltd.* (湖南華天大酒店股份有限公司) (currently known as Huatian Hotel Group Company Limited* (華天酒店集團股份有限公司)) (a company listed on the Shenzhen Stock Exchange, Stock Code: 000428) from June 2008 to June 2014, Kingray New Materials Science and Technology Co., Ltd.* (金瑞新材料科技股份有限公司) (a company listed on the Shanghai Stock Exchange, Stock Code: 600390) (currently known as Minmetals Capital Company Limited* (五礦資本股份有限公司)) from May 2014 to May 2017, Jinjian Rice Company Limited* (金健米業股份有限公司) (a company listed on the Shanghai Stock Exchange, Stock Code: 600127) from April 2014 to August 2020, BBK Commercial Chain Company Limited* (步步高商業連鎖股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 002251) from May 2016 to May 2022, Hunan Nanling Civilian Explosives Equipment Company Limited* (湖南南嶺民用爆破器材股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002096) from July 2018 to March 2023, Yuan Longping Agricultural High-Tech Company Limited* (袁隆平農業高科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000998) from July 2020 to July 2023, and from Hunan Mengjie Home Textile Company Limited* (湖南夢潔家紡股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002397) from February 2023 to May 2023, Dr. Dai was also an independent non-executive director of the following non-listed companies: Hunan Trust Co., Ltd.* (湖南省信託有限責任公司) (currently known as Hunan Caixin Trust Co., Ltd.* (湖南省財信信託有限責任公司)) from October 2016 to October 2019 and Hunan Leiyang Rural Commercial Bank Company Limited* (湖南耒陽農村商業銀行股份有限公司) from August 2013 to June 2020.

Dr. Dai is currently serving as the independent non-executive director of Hunan Valin Wire & Cable Co., Ltd (湖南華菱線纜股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock code: 001208) since September 2025.

Dr. Dai received her bachelor's degree in finance from Hunan Finance and Economics College* (湖南財經學院) in the PRC in July 1983. She completed monetary banking program from Hunan Finance and Economics College* (湖南財經學院) in the PRC in 1996. Dr. Dai obtained her doctorate degree in economics in Fudan University* (復旦大學) in the PRC in July 2001.

Dr. Dai obtained the Independent Director Qualification Certificate (獨立董事資格證) and the Pre-Appointment Training Certificate for Independent Directors of the STAR Market (科創版獨立董事任前培訓證) issued by Shanghai Stock Exchange (上海證券交易所) in September 2008 and July 2023, respectively. In July 2014, Dr. Dai obtained the training certificate for the Second Continuing Professional Training for Independent Directors of Listed Companies (第2期上市公司獨立董事後續培訓證) from Enterprise Training Center of Shanghai Stock Exchange* (上海證券交易所企業培訓中心). In February 2024, she obtained the 139th Follow-up Training Certificate for Independent Directors of Listed Companies (第139期上市公司獨立董事後續培訓證) from the Shenzhen Stock Exchange.

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Mr. Tse Chi Wai (謝志偉), aged 58, has been appointed as an independent non-executive Director effective from May 2023. He is mainly responsible for providing independent advice on the operation and management of the Group.

Mr. Tse graduated from the University of Hong Kong in 1989 with a bachelor's degree in social sciences studies.

Mr. Tse joined Arthur Andersen & Co. and became a qualified accountant after his graduation. He left the firm as an audit manager in 1999. Mr. Tse had been an executive director, the company secretary and the chief financial officer of China Information Technology Development Limited (中國信息科技發展有限公司) from June 2010 to June 2019, a company listed on the GEM Board of the Stock Exchange (Stock Code: 8178) specializing in the development and implementation of IT related services in Chinese Mainland. Mr. Tse was an executive director of Jihsun Financial Holding Company Limited (日盛金融控股股份有限公司), a Taiwan listed company that operates bank, securities brokerage and other financial services in Taiwan, for ten years until September 2021. Currently, Mr. Tse serves as an independent non-executive director of China Environmental Technology Holdings Limited (中國環保科技控股有限公司) (Stock Code: 0646) specializing in the provision of waste management services in Chinese Mainland.

Mr. Tse has extensive experiences in handling audit related matters, and providing advice on financial and compliance matters, as well as on market developments. He is member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

Confirmation of Independence from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). The Company considers all of the independent non-executive Directors to be independent.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operations of the Group. For the biographical details of Mr. Xie Yi, Mr. Yang Xin and Mr. Duan Wenming, please see the paragraph headed “Directors – Executive Directors” in this section.

Mr. Ge Feng (葛峰), aged 41, has served as the deputy general manager of the Company since October 2025. From September 2014 to March 2021, Mr. Ge held multiple positions in Changsha Chengtou Railway Station Relocation and Development Co., Ltd* (長沙城投鐵路站場遷建開發有限公司), including the deputy head of the engineering department, the director of the general office, the administrative director, and the assistant to general manager. From March 2021 to October 2025, he successively served as the assistant to general manager and deputy general manager in Changsha City Changdong Investment Development Co. Ltd* (長沙市長東投資發展有限公司).

Mr. Ge obtained a master's degree in geotechnical and tunnel engineering in June 2009 from Changsha University of Science and Technology.

* for identification purpose

V. DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiao Lingbo (肖凌波), aged 45, has served as the deputy general manager of the Company since October 2025. From July 2003 to April 2007, Mr. Xiao served as the assistant engineer in the military industry division of Beijing Zhongheng Xingye Technology Group Co., Ltd. From May 2007 to January 2010, he worked at the Software Evaluation Center of the Fifth Electronics Research Institute under the Ministry of Industry and Information Technology of the PRC* (中國工業和信息化部電子第五研究所), serving as the Grade I Center director. From January 2010 to September 2011, he served as the director of the government and enterprise business department (Guangzhou division) of ZTE Corporation. From September 2011 to March 2014, he was the deputy general manager of the domestic market department in China Lonrun Di-Te Co. Ltd. From March 2014 to January 2016, he served as the director of the smart city business division of Founder International (Beijing) Co., Ltd. From January 2016 to April 2017, he was the market planning director in Changsha Shuzhi Technology Group Co., Ltd* (長沙數智科技集團有限公司) (formerly known as Changsha Pioneer Intelligent City Investment Co., Ltd* (長沙先導智慧城市投資有限公司)). From April 2017 to July 2020, he successively served as the deputy general manager and assistant to general manager in Changsha Chengfa Smart Travel Investment and Operations Co., Ltd* (長沙城發智慧出行投資運營有限公司) (formerly known as Changsha Pioneer Express Technology Development Co., Ltd* (長沙先導快線科技發展有限公司)). From September 2022 to October 2024, he successively served as the assistant to general manager and deputy general manager of Changsha Chengfa Property Management Co., Ltd.* (長沙城發物業管理有限公司) (formerly known as Changsha Pioneer Jiayong Property Management Co., Ltd* (長沙先導佳永物業管理有限公司)).

Mr. Xiao obtained a bachelor's degree in engineering in June 2003 from the National University of Defense Technology.

Ms. Zhu Wenmei (朱文妹), aged 41, has served as the assistant to general manager of the Company since October 2025. From August 2007 to June 2016, Ms. Zhu successively served as the deputy director and director of the general office in Changsha Tingchechang Investment Construction Operation Co., Ltd. From June 2016 to March 2020, she held multiple positions in CUCID Group, including the disciplinary officer in the disciplinary and disciplinary inspection team. From March 2020 to October 2025, she successively served as the deputy and head of the disciplinary team.

Ms. Zhu obtained a master's degree in economics in June 2019 from Hunan Provincial Party School of the Chinese Communist Party (湖南省委黨校).

JOINT COMPANY SECRETARIES

Mr. Duan Wenming (段文明), aged 41, was appointed as the joint company secretary in February 2026 in place of Mr. Wong Kwok Fu. For details of his biography, see the paragraphs headed "Directors - Executive Directors" in this section.

Mr. Lam Kang Chi (林庚堉), aged 46, was appointed as the joint company secretary in September 2023. Mr. Lam is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司). He holds a bachelor's degree in business management from University of Bradford and a master's degree in corporate governance from the Hong Kong Metropolitan University (香港都會大學) in Hong Kong, and is a fellow member of the Hong Kong Chartered Governance Institute since April 2023.

* for identification purpose

VI. CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report for the year ended December 31, 2025.

CORPORATE GOVERNANCE STRUCTURE

The Board is committed to maintaining high standards of corporate governance and believes that good corporate governance is essential to the Company's sustainable development and healthy business growth. We safeguard the interests of the Shareholders and enhance corporate value through robust corporate governance.

The Company's general meeting, the Board, and each special committee under the Board have established a clear governance structure under the relevant laws, the articles of association of the Company (the "**Articles of Association**"), and their respective working rules. The Board and the three special committees under the Board perform their respective duties and work in collaboration and under adequate supervision to continuously improve the Company's corporate governance and form an excellent corporate governance structure. The Company ensures compliance with the Listing Rules through this governance structure.

The Company has adopted the code provisions (the "**Code Provision**") in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as its code of corporate governance. During the period from the Listing Date and up to the date of this annual report, the Company has complied with all the principles and applicable code provisions under the CG Code.

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises of experienced and high-caliber individuals. The Board currently consists of three executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Directors will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

VI. CORPORATE GOVERNANCE REPORT

CORPORATE CULTURE AND STRATEGIES

A healthy corporate culture is pivotal for the Group to achieve its vision and strategies. It is the Board's role to foster a corporate culture which underpins the principles and values as follows:

Our Mission:	Make City Life Better
Our Core Values:	Enterprise, responsibility, innovation and excellence
Our Vision:	We strive to be a first-rate urban operations service provider in China
Our Management Philosophy:	Leading role of party building, well-defined authority and responsibilities, and sound decision making; advanced systems, efficient coordination and keeping risks under control; professionalism, dedication, integrity and work-life balance
Our Business Philosophy:	Integrity-based, quality first, efficiency-driven, and cooperation for win-win results
Our Talent Strategy:	Our people are capable and ethical; our people are assigned roles they are fit for; our people feel empowered; and our people can realise their full potential

As a Group with diversified businesses, we are aware of the importance of our stakeholders to the Board and the Group as a whole, and are committed to providing high quality and reliable products and services, and creating value for stakeholders through sustainable growth and continuous development.

We are a state-owned urban service and operation provider with business operations primarily based in Changsha. We provide a wide spectrum of services to our customers, forming a cohesive business layout rooted in urban area. The services we provide can be divided into three categories depending on service characteristics and industry standards: (i) property management services, including different property management services to public properties, commercial properties, and residential properties, and value-added services; (ii) urban services, including landscaping and engineering, lighting system operation, parking lot operation, and municipal sanitation services; and (iii) commercial operation services. We have grown into an urban service and operation provider leveraging our accumulated experiences in the property management service sector over years with a competitive market position. We have always focused on strategic growth in Hunan Province, especially in Changsha, one of China's most vibrant cities, and we will continue to do so. We believe that our strategic focus on Hunan Province, particularly in Changsha, and our established market position for the provision of property management services and urban services in the same region will continue to support the expansion of our business scale and give us an advantage over competitors in China's market for these services.

VI. CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as a code of conduct for securities transactions by the Directors of the Company.

The Company has made specific enquiries to all Directors and they have confirmed that they had complied with the Model Code for the year ended December 31, 2025.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

BOARD OF DIRECTORS

Board Composition

During the year ended December 31, 2025, the Board comprised of eight Directors. Mr. Wong Kwok Fu tendered his resignation as the executive Director with effect from February 12, 2026.

As at the date of this report, the Board comprises of seven Directors, with three executive Directors, one non-executive Director, and three independent non-executive Directors. During the year ended December 31, 2025 and up to the date of this report, the details of the composition of the Board are as follows:

Executive Directors

Mr. Xie Yi (*Chairman of the Board*)

Mr. Yang Xin (*General Manager*)

Mr. Duan Wenming (*Chief Financial Officer; appointed as Secretary of the Board with effect from February 12, 2026*)

Mr. Wong Kwok Fu (*resigned with effect from February 12, 2026*)

Non-executive Director

Mr. Yu Xiao

Independent Non-executive Directors

Ms. Chan Ka Lai Vanessa

Dr. Dai Xiaofeng

Mr. Tse Chi Wai

Personal particulars of the Company’s current Directors are set out in the section headed “V. Directors and Senior Management” of this annual report. No relationship (including financial, business, family or other material/relevant relationship(s)) exists between any member of the Board and other Directors and senior management of the Company.

VI. CORPORATE GOVERNANCE REPORT

CHAIRMAN AND GENERAL MANAGER

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company supports the division of responsibilities between the chairman and the general manager to ensure a balance of authority and responsibility and to maintain a balanced judgment view. During the year ended December 31, 2025, Mr. Xie Yi served as the Chairman and Mr. Yang Xin served as the general manager of the Company. The Chairman's responsibilities include, among others, presiding over the work of the Board, formulating the Group's development strategies and setting the overall business objectives of the Company. On the other hand, the general manager shall be accountable to the Board of Directors and is responsible for the operational management and implementation of development strategies of the Group, so as to ensure sound corporate governance and operational practices are in place.

THE ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is accountable to the Company's general meeting and is responsible for overseeing the Group's governance, setting its business and management strategies and direction, and monitoring operational and financial performance to maximize long-term Shareholder value. The duties of Board of Directors include, among others, (i) convening general meeting(s) and reporting its work in such meeting(s); (ii) implementing the resolutions of a general meeting; (iii) deciding on the operation plans and investment schemes of the Company and formulating the development strategies of the Company; (iv) preparing the annual financial budget plan and final account plan of the Company; (v) preparing the profit distribution plan and the loss recovery plan of the Company; (vi) deciding on the establishment of the internal organizations of the Company; (vii) establishing a basic management system of the Company; (viii) appointing or remove the senior management and decide on their remunerations; (ix) listen to the work report of the general manager and examine such work; and (x) exercising other duties and powers specified in relevant laws, regulations, and Articles of Association. Matters relating to the daily operations and management of the Group shall be delegated to the management authorized by the Board. The Board delineates the scope of authority of the management team, set out the scope of work it should report, and regularly reviews the authorization arrangements to ensure that they are suitable for the needs of the Company.

BOARD AUTHORIZATION

The management consisting of executive Directors and senior management is authorized to implement the strategies and guidelines approved by the Board from time to time and is responsible for the day-to-day management and operations of the Group, including but not limited to executing business plans and budgets, managing financial resources and supervising the performance of business segments. The executive Directors and senior management meet regularly to review the performance of the Company's overall business, coordinate overall resources, and make financial and operating decisions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company is committed to establishing an effective Board with members who have the appropriate competencies for the scale, complexity and strategic positioning of our business. In view of this, the independent non-executive Directors play an essential role in the Board through their independent professional judgment, and their views play an important role in the decisions of the Board.

VI. CORPORATE GOVERNANCE REPORT

The independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the controlling Shareholders and provide impartial and professional advice to protect the interests of the minority Shareholders and no actual or potential conflict of interests in any material aspects were noted and no any decisions in this aspect were made by the independent non-executive Directors during the Reporting Period.

Independent non-executive Directors have extensive experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent non-executive Directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of the Group's business which is also aligned to our values. Their wealth of knowledge, experience, skills and expertise are crucial to the Board's decisions. They have given the Board and the special committees under the Board on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through active participation.

During the Reporting Period, the Board has complied with the requirements of Rule 3.10A of the Listing Rules (which specified that an issuer must appoint independent non-executive Directors representing at least one-third of the board), and the requirements of Rules 3.10 (1) and 3.10 (2) of the Listing Rules (which specify that every Board of Directors shall include at least three independent non-executive Directors, and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise).

INDEPENDENCE OF THE BOARD OF DIRECTORS

The Company believes that the independence of the Board is essential to good corporate governance and the effectiveness of the Board. The Board has established mechanisms to ensure that the independent views of any Director can be communicated to the Board to enhance the objectivity and effectiveness of decision-making.

The Board has a strong element of independence, providing independent and objective oversight on strategic and performance issues. The Board currently consists of independent non-executive Directors that account for more than one-third of the Board, and the audit committee (the "**Audit Committee**") and the remuneration and evaluation committee of the Company (the "**Remuneration and Evaluation Committee**") are both chaired by independent non-executive Directors.

The Company has received annual written confirmation from each independent non-executive Director in respect of his independence pursuant to Rule 3.13 of the Listing Rules. The Board and the Nomination Committee have assessed the independence of all the independent non-executive Directors and considered them to be independent persons as defined in the Listing Rules. In addition, up to the date of this annual report, the Board is not aware of any event that would impair the independence of any independent non-executive Director.

The Directors are required to declare their direct or indirect interests, if any, in proposals or transactions considered at the Board meetings and abstain from voting, if applicable. All Directors, including independent non-executive Directors, may obtain external independent professional advice if deemed necessary. Independent non-executive Directors have demonstrated professional competence and commitment and have devoted sufficient time to the perform their duties in the Board. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views publicly and, if required, confidentially.

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The Company has reviewed the implementation of the mechanism relating to the independence of the Board and considers it to be effective during the Reporting Period.

THE APPOINTMENT OF DIRECTORS

The Code Provision B.2 of the CG Code provides that all directors shall be subject to re-election at regular intervals; Code Provision B.2.2 of the CG Code provides that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The term of office of each Director (including non-executive Director and independent non-executive Directors) shall be three years. A Director shall continue to perform his duties in accordance with the laws, administrative regulations, departmental rules, and Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office. Their re-election shall be subject to the provisions of the Articles of Association.

NOMINATION POLICY

The nomination committee of the Company (the “**Nomination Committee**”) adopts a variety of methods to review the qualification of candidates for Directors, including recommendations from Board members, the management and professional intermediaries. In addition, the Nomination Committee will consider Director candidates appropriately submitted by Shareholders. The evaluation of the Nomination Committee on Director candidates may include, but not limited to, review of resumes and work experience, personal interviews, verification of professional and personal recommendation letters, and performing background checks. The Nomination Committee will evaluate candidates based on the Company’s business model and specific needs with reference to the following factors, including but not limited to, the provisions of the Articles of Association, skills, experience and expertise, diversity, commitment, status, and independence. The Board will consider the recommendations of the Nomination Committee and be responsible for designating candidates for Directors to be elected by Shareholders at the Company’s general meeting, or appointing suitable candidates to serve as Directors to fill Board vacancies or as supplements to Board members, and to comply with the Articles of Association. All Director appointments should be confirmed through a letter of appointment and/or service contract, which should state the main terms and conditions of Director appointment.

The Nomination Committee will assess, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria (the “**Criteria**”) including but not limited to:

- (i) Reputation for character and integrity;
- (ii) Accomplishment and experience in the relevant industries in which the Company’s business is involved and other professional qualifications;
- (iii) Commitment for responsibilities of the Board in respect of available time and relevant interest;
- (iv) Diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, qualifications, skills, knowledge and length of service (the “**Board Diversity Policy**”);

VI. CORPORATE GOVERNANCE REPORT

- (v) Contribution that the candidate(s) can potentially bring to the Board; and
- (vi) Plans in place for the orderly succession of the Board.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process, as described in the Director nomination policy of the Company (the “**Director Nomination Policy**”):

- (i) the Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from third-party agency firm and proposals from Shareholders with due consideration given to the Criteria;
- (ii) the Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
- (iii) the proposed candidates will be asked to submit the necessary personal information for the Nomination Committee’s consideration. The Nomination Committee may request the candidate(s) to provide additional information and documents, if considered necessary;
- (iv) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (v) the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration and Evaluation Committee for consideration of remuneration package of such selected candidate;
- (vi) the Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration and Evaluation Committee will make the recommendation to the Board on the proposed remuneration package;
- (vii) the Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
- (viii) all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong and updating the Register of Directors of the Company. The Director shall consent to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their appointment as a Director.

The Nomination Committee and the Board will regularly review the Director Nomination Policy to ensure its effectiveness.

VI. CORPORATE GOVERNANCE REPORT

DIRECTORS REMUNERATION POLICY

The Company has adopted a director remuneration policy which sets out the general principles which guide the Group to deal with the remuneration matters. The policy aims to ensure that remuneration remains competitive in the market so as to retain and motivate high quality Directors and senior management, while also attracting experienced and capable individuals to lead the Group's business and development. Directors' emoluments (including salaries and other benefits) were recommended by the Remuneration and Evaluation Committee of the Company to the Board for approval upon taking into account factors such as the Company's business results, Directors' performance and responsibilities and the remuneration benchmark in the industry and the prevailing market conditions.

BOARD DIVERSITY POLICY

The Company has adopted the board diversity policy. The Board Diversity Policy provides that the Company should endeavor to ensure that the Board members have the appropriate balance from the perspectives of skills, experience and diversity to enhance the quality of their performance. Pursuant to the Board Diversity Policy, the Company has designed the composition of the Board in such a way that the diversity of Board members has been considered from various perspectives, including but not limited to gender, age, cultural background and educational background, professional experience and qualifications, skills, knowledge, length of service, and any other factors that the Board may consider relevant and applicable from time to time. For achieving an optimal Board, additional measurable objectives and specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. All Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The selection of Director candidates will be made in accordance with the Director Nomination Policy, taking into account the Board Diversity Policy. The final decision will be based on the strengths of the candidates and contributions they can make to the Board, having due regard to the benefits of diversity on the Board and the needs of the Board.

Currently, the Board has seven Directors, including two female Directors. The Board is committed to maintain appropriate balance of gender diversity within the Board, taking into account stakeholder expectations and international and local recommended best practices, with the ultimate goal of moving towards gender parity. The Board has formulated the following measures to develop a pipeline of potential successors to achieve gender diversity: (i) ensure mid-to-senior level recruitment gives weight to gender diversity; and (ii) identify potential candidates internally and via external means, such as head hunter and referral. The Board also expects an appropriate proportion of directors with direct experience in the Group's core markets that reflect the Group's strategy.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee under the Board. The above committees of the Board clearly stipulate their functions and powers in specific written terms. The working rules of each of the Board committees have been published on the website of the Company (www.hollwingroup.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

VI. CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee currently comprises of three members, namely Ms. Chan Ka Lai Vanessa (independent non-executive Director), Mr. Yu Xiao (non-executive Director) and Mr. Tse Chi Wai (independent non-executive Director). Ms. Chan Ka Lai Vanessa serves as the chairperson of the Audit Committee. She has appropriate accounting and related financial management expertise, which complies with Rule 3.21 of the Listing Rules.

The primary duties of the Audit Committee include but not limited to:

- (i) to review the work scope and experience of the internal audit department and the external auditing firm, propose to engage or replace the external auditing firm, evaluate the works of the external auditing firm, approve the remuneration and terms of engagement of the external auditing firm, and advise the board of directors on matters such as the appointment and remuneration of the external auditing firm;
- (ii) to review and monitor the independence and objectiveness of the external auditing firm and the effectiveness of its audit procedures in accordance with applicable standards;
- (iii) to supervise the establishment, improvement and implementation of the Company's internal audit systems;
- (iv) to examine the truthfulness, completeness and accuracy of financial statements, annual reports and accounts, half-year reports and quarterly reports (if any) of the Company, and review important opinions regarding financial reporting in such statements and reports; and
- (v) other matters as stipulated in the Articles of Association, authorized by the Board or required by relevant laws and regulations.

The Audit Committee has access to and maintains an independent communication with the external auditor and the management to ensure effective information exchange on all relevant financial accounting matters. None of the members of the Audit Committee is a partner of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

For the year ended December 31, 2025, the Audit Committee held three meetings in total and reviewed, inter alia, (i) the Company's annual results announcement and annual report for the year ended 31 December 2024, (ii) the Company's 2025 interim report and the interim results announcement for the six months ended 30 June 2025. (iii) the re-appointment of the external auditors; (iv) the effectiveness of the internal audit function, and (v) the effectiveness of risk management and internal control systems.

The company secretary prepared minutes for each meeting, which were signed by the members for confirmation after the meeting. The minutes of the meeting are then archived and retained in accordance with the applicable regulations.

VI. CORPORATE GOVERNANCE REPORT

Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee currently comprises of three Directors, namely, Dr. Dai Xiaofeng (independent non-executive Director), Ms. Chan Ka Lai Vanessa (independent non-executive Director) and Mr. Yang Xin (executive Director). Dr. Dai Xiaofeng serves as the chairperson of the Remuneration and Evaluation Committee.

The primary duties of the Remuneration and Evaluation Committee include but not limited to:

- (i) to formulate and review the assessment method and remuneration plans or proposals of the Directors of the Company based on their respective scope, responsibilities, significance and remuneration levels of similar positions in other related corporates, evaluate the performance and behaviors of the Directors, and report to the Board of Directors and the general meeting for approval;
- (ii) to formulate and review the assessment method and remuneration plans or proposals of the senior management of the Company based on their respective scope, responsibilities, significance and remuneration levels of similar positions in other related corporates, evaluate the performance and behaviors of the senior management and report to the Board of Directors for approval, and such remuneration plans or proposals shall primarily include but not limited to performance appraisal criteria, procedures and assessment system, and the main plan and system for rewards and punishments;
- (iii) to establish specific remuneration packages for all executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (iv) to make recommendations to the Board of Directors regarding remuneration of non-executive Directors;
- (v) to review and approve the remuneration proposals for the management based on corporate policies and objectives set by the Board of Directors;
- (vi) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment criteria of other positions of the Group;
- (vii) to review and approve compensation payable to executive Directors and senior management in connection with loss or termination of their office or appointment, to ensure the compensation is determined in accordance with relevant contractual terms, and is otherwise fair and reasonable and will not create excessive burden to the Company; and
- (viii) other matters as authorized by the Board or required by relevant laws and regulations.

For the year ended December 31, 2025, the Remuneration and Evaluation Committee held one meeting, during which the committee studied and reviewed proposals such as the remuneration policy of executive Directors, the total payroll settlement of our Company and the subsidiaries, and recommended to the Board for approval. The Remuneration and Evaluation Committee also assessed performance of executive Directors.

VI. CORPORATE GOVERNANCE REPORT

The Remuneration and Evaluation Committee prepared minutes for the meeting, which were signed by the members for confirmation after the meeting. The minutes of the meeting are then archived and retained in accordance with the applicable regulations.

Nomination Committee

The Nomination Committee currently comprises of three Directors, namely, Mr. Xie Yi (executive Director), Dr. Dai Xiaofeng (independent non-executive Director) and Mr. Tse Chi Wai (independent non-executive Director). Mr. Xie Yi serves as the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include but not limited to:

- (i) to review and make recommendations to the Board of Directors on the size, structure and composition (including the skills, knowledge and experience) of the Board of Directors, with reference to the operations, assets scale and equity structure of the Company, at least once annually and make recommendations to the Board of Directors on any proposed changes concerning the Directors in line with the implementation of the Company's corporate strategy;
- (ii) to assess the independence of independent non-executive Directors;
- (iii) to study on the selection criteria and procedures of the Directors and the senior management and to make recommendations to the Board of Directors;
- (iv) to search extensively for qualified candidates of directors and senior management, and nominate such candidates to serve as Directors and senior management;
- (v) to review and make recommendations to the Board of Directors on the candidates of Directors and senior management;
- (vi) to receive and organize proposals regarding the nomination of Directors and senior management put forward by the Board of Directors and the Shareholders who individually or jointly hold 3% or more of the total outstanding voting shares of the Company; and the proposals regarding the nomination of independent Directors put forward by the Shareholders who individually or jointly hold 3% or more of the total outstanding voting shares of the Company; and
- (vii) other matters as authorized by the Board or required by relevant laws and regulations.

For the year ended December 31, 2025, the Nomination Committee had one meeting to study and review, inter alia, the proposals in relation to the change of senior management, structure, size and composition of the Board, and recommended them to the Board for approval.

The Nomination Committee prepared minutes for the meeting, which were signed by the members for confirmation after the meeting. The minutes of the meeting are then archived and retained in accordance with the applicable regulations.

VI. CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS, BOARD OF DIRECTORS AND THE BOARD COMMITTEES' MEETINGS

The general meeting is the highest authority of the Company. It provides an opportunity to establish a sound relationship between the Shareholders and the Board and senior management of the Company by fostering direct communication in between. The Company attaches great importance to the general meeting. For the year ended December 31, 2025, the Company held a total of one general meeting, namely the 2024 AGM of the Company held on June 30, 2025. The convening, holding and voting procedures for each general meeting were legal and valid, and all the resolutions submitted at the general meetings were passed.

Board meetings shall be held at least four times a year and convened by the Chairman of the Board with a notice in writing given to all Directors 14 days (excluding the day on which the meeting is convened) before the meeting. Regular or extraordinary meetings of the Board may be held in the form of teleconferences or by means of other communication equipment. So long as the participating Directors can hear and communicate with other Directors, all participating Directors shall be deemed to have attended the meeting in person. For other meetings of the Board and special committees under the Board, reasonable notice will be given.

Code Provision C.5.8 of the CG Code stipulates that for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period). The Company has complied with the said code during the Reporting Period.

For the year ended December 31, 2025, the Board convened nine meetings during the year and considered and approved a total of nine resolutions.

The Chairman of the Board meets with independent non-executive Directors annually without the presence of other Directors.

The following table sets out the attendance of each of the Directors at the meetings of the Board, the special committees under the Board and general meetings for the year ended December 31, 2025:

Name of Director	Number of attendance/Number of meetings held				
	Board	Audit Committee	Nomination Committee	Remuneration and Evaluation Committee	General Meeting
Mr. Xie Yi	9/9	N/A	1/1	N/A	1/1
Mr. Duan Wenming	9/9	N/A	N/A	N/A	1/1
Mr. Wong Kwok Fu (<i>resigned with effect from February 12, 2026</i>)	9/9	N/A	N/A	N/A	1/1
Mr. Yang Xin	9/9	N/A	N/A	1/1	1/1
Mr. Yu Xiao	9/9	3/3	N/A	N/A	1/1
Ms. Chan Ka Lai Vanessa	9/9	3/3	N/A	1/1	1/1
Dr. Dai Xiaofeng	9/9	N/A	1/1	1/1	1/1
Mr. Tse Chi Wai	9/9	3/3	1/1	N/A	1/1

VI. CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills. The Directors have been informed of the requirement under Code Provision C.1.4 of the CG Code regarding continuous professional development. The Company has arranged training for its Directors and provided them with reading material on relevant topics. Every newly appointed Director shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company. All Directors have received formal and comprehensive training regarding their responsibilities and obligations under the Listing Rules and relevant laws. All Directors have been trained in respect of the duties and responsibilities of Directors, the relevant laws and regulations applicable to Directors and the duty of disclosure of interests, and have read materials relevant to the Company's business or the Directors' functions and powers.

The table below sets forth the training received by Directors for the year ended December 31, 2025:

Directors	Types of training ⁽¹⁾
Mr. Xie Yi	A, B
Mr. Duan Wenming	A, B
Mr. Wong Kwok Fu (<i>resigned with effect from February 12, 2026</i>)	A, B
Mr. Yang Xin	A, B
Mr. Yu Xiao	A, B
Ms. Chan Ka Lai Vanessa	A, B
Dr. Dai Xiaofeng	A, B
Mr. Tse Chi Wai	A, B

Note:

(1) Types of training include:

- A: Attending training sessions, including but not limited to, briefings, seminars and conferences.
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications.

THE REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration of the Directors and the respective remuneration of the five highest paid individuals for the year ended December 31, 2025 are set out in notes 7 and 8 to the consolidated financial statements.

The remuneration level of the Company's senior management (excluding Directors) for the year ended December 31, 2025 is set out below:

Remuneration Level (RMB)	Number of persons ^(note)
0–500,000	6
500,001–1,000,000	0

Note: the figure takes into account both (i) senior management serving from January 2025 to October 2025, and (ii) current senior management whose appointment took effect from October 2025.

VI. CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

For the year ended December 31, 2025 and up to the date of this report, the Board has performed the functions set out in Code Provision A.2.1 of the CG Code, and has developed and reviewed the issuer's policies and practices on corporate governance; reviewed and monitored the training and continuing professional development of Directors and senior management and the issuer's policies and practices in relation to compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual to employees and Directors; and reviewed the issuer's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Group has a zero-tolerance policy for corruption and violations of business ethics and has formulated the Management Measures for Anti-fraud and Whistleblowing, which stipulates the procedures for the prevention, identification, reporting, monitoring and handling of fraud, bribery, money laundering, corruption, violations and other misconduct, including but not limited to requiring employees in key positions to sign a letter of commitment to integrity, and arranging meetings and trainings on integrity and anti-corruption for all directors, management, and staff.

In addition, the Group has set up a number of channels for reporting cases of corruption, including the Group's corporate mailbox and hotline, and encourage leads to be submitted by employees.

DIRECTORS' AND OFFICERS' INSURANCE

As at the date of this report, the Company is in the process of seeking appropriate insurance coverage in respect of legal actions against its Directors. As of the date of this report, the Company has not yet finalized the insurance arrangement, as the Board is still in the process of identifying a suitable insurance policy available in the market. Therefore, no any indemnification to the Directors was maintained out of assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that effective risk management and internal control are integral and indispensable to the Group's achievement of long-term business growth and sustainable development. The Group has established "Three Lines of Defense" to safeguard its risks, with the first line being the business unit which identifies transactional risks in day-to-day business, the second line being departments such as risk management and legal departments which lay out the framework and foundation for internal control protocols, and the third line being the internal audit department which serves as an independent supervisory role overseeing risk management matters. The purpose of establishing the risk management and internal control framework is to manage and reduce the Group's exposure to business risks to the extent acceptable, rather than to eliminate the risk of failure to achieve business objectives, and to be able to only provide reasonable but not absolute assurance against material misrepresentation or loss.

Risk Management and Internal Control Arrangements

We have established risk management and internal control systems consisting of policies and procedures that are designed to identify, assess and manage risks arising from our operations and monitor our overall compliance. Details on risk categories identified by our management, internal and external reporting mechanisms, remedial measures and contingency management have been codified in our policies. We have formulated the Risk Management Basic System (《風險管理基本制度》), which stipulates the identification, assessment, monitoring and control activities of risks in the operation and management process.

VI. CORPORATE GOVERNANCE REPORT

In particular, we have adopted, among other things, the following risk management measures:

- establishing an Audit Committee under the Board to monitor the integrity of our financial statements and review financial reporting judgments contained in our annual and interim reports. Our Audit Committee consists of three Directors, namely Ms. Chan Ka Lai Vanessa, Mr. Tse Chi Wai and Mr. Yu Xiao. Ms. Chan Ka Lai Vanessa is the chairman of the Audit Committee and the independent non-executive Director with appropriate professional qualifications. For details of the qualifications and experiences of these members, please refer to the section headed “V. Directors and Senior Management” in this annual report;
- adopting adequate internal control policies to ensure the continuing compliance with the Listing Rules, including but not limited to the detection and administration of notifiable and connected transactions, horizontal competition and other disclosure matters;
- providing regular anti-corruption and anti-bribery compliance training for senior management and employees in order to cultivate a good compliance culture, such as to carry out clean and anti-corruption propaganda when new employees entered, and to hold regular lectures; and
- our human resources department is responsible for monitoring compliance with our internal rules and procedures by our employees to ensure that we comply with the relevant regulatory requirements and the applicable laws so as to reduce our legal risks.

Risk Management Procedure

Our risk management procedures include defining procedures for identifying, assessing, responding to, and overseeing risks and their changes. Our management regularly communicates and discusses with each business department, collects the risks identified by each department at the daily operational level, and strengthens their understanding of risk management at the strategic level to promote two-way communication. By gathering risk perspectives from different angles, the management formulates risk coverage to ensure comprehensive identification of risks relevant to us. Risk identification is a continuous and interactive process that facilitates communication of key risks between operational and strategic levels.

Internal Audit Function

The internal audit department serves as one of the “Three Lines of Defence” of the Group, and primarily oversees and assesses the implementation of risk management measures and remedial plans, if any. It carries out analysis and independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control system, and performs regular reviews, sample checks, and targeted assessment of the measures and protocols in accordance with the annual internal audit plan.

Concerns which have been identified by the internal audit department were reported to the management for follow-up actions. The internal audit report, which included audit findings and follow-up results, has been summarised, communicated and reported to the Audit Committee during the Reporting Year.

VI. CORPORATE GOVERNANCE REPORT

Major Risks, Risk Management and Internal Control of the Company for the Year

The Board believes that, during the year ended December 31, 2025, our risk management and internal control system were effective and the overall risk level was within its acceptable level. The Board confirms that it is responsible for our risk management and internal control systems and regularly reviews the effectiveness of such systems. After risk assessment, the Company's major risks in 2025 mainly involved business risks, financial risks, and compliance risks. According to the actual situation, the Group has formulated practical and feasible response plans to effectively manage risks:

- **Business risks:** The business risks the Group mainly faces include macro-environmental risks, competition risks, and sustainability risks. In addition, the Group constantly faces the challenge of responding promptly to market changes within the industry sectors it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly, as well as termination or non-renewal of our services contracts could have an adverse effect on the Group's business, financial position and results of operations. The Board regularly reviews and identifies potential risks of the Group, and adjusts strategies and policies in a timely manner, to ensure that the business risks are controlled and managed.
- **Financial risks:** The Group has formulated financial risk management methods to control the Group's financial risk exposure, such as credit risks, liquidity risks, interest rate and currency risks. Also, the Board monitors the financial results and key operating statistics with the assistance of the Group's internal finance department on a regular basis. The financial risk management of the Group is set out in note 24 to the consolidated financial statements.
- **Compliance risks:** The Group has formulated internal procedures to monitor the Group's compliance risks to ensure that the Group has complied with the laws and regulations of the regions where the Group conducts business. In addition, the Group engages professional advisers from time to time to keep the Group updated with the latest development in the regulatory environments.

The Board acknowledges that such risk management and internal control systems are designed to manage the risks associated with the achievement of business objectives but not to eliminate the risk of failure to achieve them. In addition, it can only make reasonable rather than absolute assurance that no material misstatement or loss will result.

Review of Risk Management and Internal Control

The Board is responsible for the risk management and internal control systems and confirms to review the effectiveness of the risk management and internal control at least once a year. Through the summary and evaluation of the results of various internal control work of the Company, it is confirmed that the management has effectively and orderly implemented the various risk management and internal control systems of the Company.

The Board has reviewed the risk management and internal control systems for the year ended December 31, 2025 to ensure their effectiveness and adequacy. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The Board is of the view that our risk management and internal control systems for the year ended December 31, 2025 were effective and adequate.

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PROCEDURES FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company maintains a policy on disclosure of inside information with reference to the Guidelines on Disclosure of Inside Information issued by the Hong Kong Securities and Futures Commission. The policy sets out procedures and internal controls for handling and disseminating inside information in an appropriate and timely manner, such as taking steps to determine sufficient details, conducting internal assessment of the matter and its possible impact on the Company, seeking professional advice when required and verifying the facts. Anyone in possession of the information must ensure such information is kept in strict confidentiality and is not allowed to buy or sell any securities of the Company until the information is fully disclosed to the public.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RELATION TO FINANCIAL STATEMENTS

The Directors understand their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025, which give a true and fair view of the condition of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Directors were not aware of any material uncertainties which may cast significant doubt upon the Group's ability to continue as an ongoing concern.

The auditor's statement on its reporting responsibilities in respect of the Group's consolidated financial statements is set out in the Independent Auditor's Report in this annual report.

AUDITOR'S REMUNERATION

For the year ended December 31, 2025, the emolument paid/payable by the Company to its external auditor, KPMG for the audit services and non-audit services provided, is as follows:

Type of services provided by external auditor	Amount of fees
	RMB'000
Audit services	1,377
Other services ^{Note}	283
Total	1,660

Note:

Other services mainly include interim review services for the Group in 2025, agreed upon procedures and assurance services related to the audit of the Group.

JOINT COMPANY SECRETARIES

Mr. Wong Kwok Fu was one of our joint company secretaries for the year ended December 31, 2025 and resigned in February 2026. Mr. Duan Wenming was subsequently appointed in February 2026 in place of Mr. Wong. For details of their biographies, see the section headed "V. Directors and Senior Management – Directors – Executive Directors" in this report.

VI. CORPORATE GOVERNANCE REPORT

Mr. Wong Kwok Fu and Mr. Lam Kang Chi have confirmed that they have received relevant professional training of not less than 15 hours in accordance with Rule 3.29 of the Listing Rules during the year ended December 31, 2025. Since Mr. Lam Kang Chi is an external service provider, Mr. Duan Wenming, one of the executive Director, would be the person at the Company whom Mr. Lam Kang Chi can contact according to code provision C.6.1 of the CG Code.

SHAREHOLDERS' RIGHTS

In order to safeguard the interests and rights of Shareholders, the Company proposes separate resolutions on significant events (including the election of individual Director) at general meetings. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules, and the poll results will be published on the websites of the Company and the Hong Kong Stock Exchange upon the conclusion of each general meeting.

Convening of an Extraordinary Shareholders' Meeting

Pursuant to Article 52 of the Articles of Association, Shareholder(s) individually or collectively holding more than 10% of the Company's Shares have the right to request the Board to convene an extraordinary Shareholders' meeting and add proposals to the meeting agenda. The aforementioned requests must be submitted to the Board in writing. The Board shall provide written feedback on whether it agrees or disagrees to convene an extraordinary Shareholders' meeting within ten days after receiving the request in accordance with the provisions of laws, administrative regulations and these Articles of Association.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within five days after the making of the resolution of the Board. Consent of the relevant Shareholders must be obtained for any changes to the original request in the notice.

If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, Shareholders individually or collectively holding more than 10% of the Company's shares propose to the Audit Committee to convene an extraordinary Shareholders' meeting, and the request shall be made in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice to convene the Shareholders' meeting within five days of receiving the request. Any changes to the original request in the notice must be approved by the relevant Shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the Shareholders' meeting. Shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

Proposing Resolutions at a Shareholders' Meeting

Pursuant to Article 57 of the Articles of Association, Shareholders who individually or collectively hold more than 1% of the Company's Shares may put forward temporary proposals and submit in writing to the convener ten days before the Shareholders' meeting. After receiving the proposal, the convener shall issue a supplementary notice of the Shareholders' meeting and announce the contents of the temporary proposal in accordance with the requirements of the listing regulatory rules of the place where the Company's Shares are listed and include such proposal at the Shareholders' meeting for consideration and approval, unless such proposal violates laws, administrative regulations or provisions of these Articles of Association or is not within the authority of the Shareholders' meeting.

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Enquiries to the Board

The Company maintains a website at www.hollwingroup.com, where information on the Company's businesses and projects, key corporate governance policies and announcements, financial reports and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company by the following ways:

Address: 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, PRC
Email: ir@hollwingroup.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is essential to enhance investor relations and to keep investors informed of the Group's business performance and strategies. The Company has developed and posted the Shareholder communication policy of the Company (the "**Shareholder Communication Policy**") on our website (www.hollwingroup.com), and has reviewed its implementation and effectiveness at least once a year.

The Company has established various and a wide range of communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conference. To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. Apart from that, the Company invites investors and business stakeholders to visit our management site every now and then, giving them the opportunities to meet with the local management and visit our facilities. During their visits, the Company collects feedback from visitors on our performance and learns about their expectations.

Under the Shareholder Communication Policy, the Shareholders may make enquiries with the Company, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make actual responses to the Shareholders as soon as possible. In addition, the Company updates its website from time to time to keep the Shareholders updated of the recent development of the Company. The Company endeavors to maintain an ongoing dialogue with Shareholders. At the general meeting, the Directors (or their delegates as appropriate) are available to meet with the Shareholders and answer their enquiries.

For the year ended December 31, 2025, the Board reviewed the implementation and effectiveness of the Shareholder Communication Policy. After taking into account the aforementioned communication channels of investors and the measures taken and the events held by the Company, the Company is of the view that the Shareholder Communication Policy were effectively implemented in 2025.

DIVIDEND POLICY

The Company adopts a general dividend policy that aims to declare and distribute dividends out of the Group's profit attributable to the Shareholders any financial year. Such dividend declaration and distribution plan shall be established at the discretion of the Board approved by the Shareholders of the Company in general meeting and subject to all applicable requirements (including without limitation and restrictions on the payment of dividends) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Company Law of the People's Republic of China and the Articles of Association. If the Company's financial position permits, the Company intends to declare an annual cash dividend of

VI. CORPORATE GOVERNANCE REPORT

not less than 50% of the profit available for distribution for the corresponding year to the Shareholders, and the Board has the right to make timely adjustments to the specific plan, amount and percentage of the dividend payout for the corresponding year based on results of operations, capital requirements and surplus, general business and financial conditions and other factors of the Company that the Board considers relevant. As of the date of this report, there is no arrangement under which a Shareholder has waived or agreed to waive any dividend (including future dividends).

For details of the dividend distribution for the year ended December 31, 2025, see final dividend in the “VII. Report of the Board”.

EMPLOYEE DIVERSITY

The Group applies the principle of fairness and voluntariness in recruitment, and does not impose any restrictive requirements on gender, ethnicity, nationality and region. In order to avoid child labor and forced labor, we, in strict compliance with the provision of Article 15 of the Labor Law of the People's Republic of China, do not recruit juveniles under the age of 16, and strictly check whether the actual age of the candidates meets the employment criteria by checking their identity card, etc.

The following table sets out the gender ratio of the Group's employees (including the Board) as of December 31, 2025:

	Female	Male
The Board	28.6%	71.4%
Employees	42.8%	57.2%

As of December 31, 2025, the Group had a total of 545 employees, of which 233 were female employees (including senior management), representing approximately 42.8%. The Group considers the overall diversity (including gender diversity) of the Group to be balanced as a whole and intends to maintain a similar level of gender diversity of the overall staff. The Group is committed to maintain gender diversity by continue to engage in fair employment practices and adhere to the principle of fairness and voluntariness in recruitment, notably by hiring based on merits such as experience, qualifications, skills and knowledge.

We consider our staff to be crucial to the caliber of our services and the satisfaction of our clients. We provide our employees with opportunities for career growth and training in the technical skills essential to our business as part of our ongoing efforts to keep and inspire talent.

ARTICLES OF ASSOCIATION

Resolution on the amendments to the Articles of Association was approved by the Shareholders at the 2024 annual general meeting on June 30, 2025. For details of the amendment, please refer to the announcement and circular of the Company both dated June 9, 2025. The latest version of the Articles of Association is available on the Company's website (www.hollwingroup.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

VII. REPORT OF THE BOARD

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

GENERAL INFORMATION AND INITIAL PUBLIC OFFERING

The Company was established in the PRC on September 7, 2015 and is now a joint stock company with limited liability. 40,000,000 H Shares of the Company with a nominal value of RMB1.0 per H Share were listed on the Main Board of the Hong Kong Stock Exchange on May 17, 2024 by way of global offering of ordinary shares of the Company, at a price of HK\$3.2 per H Share.

PRINCIPAL ACTIVITIES

The Group is engaged in the provision of property management services, urban services and commercial operation services.

BUSINESS REVIEW

The business review of the Group for 2025 and the future business development of the Group are set out in the sections headed "III. Chairman's Statement" and "IV. Management Discussion and Analysis" of this annual report.

"IV. Management Discussion and Analysis" of this annual report contains part of the analysis on the Group's annual performance using key financial performance indicators. For explanations on the major relations between the Company and its employees, customers and suppliers, please refer to the relevant parts of this section.

These discussions form part of the Report of the Board.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated statement of financial position of the Group as of December 31, 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended are set out on the consolidated financial statements on pages 72 to 76 of this annual report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.24 per share (tax inclusive) in cash for the year ended December 31, 2025 with a proposed dividend payout ratio equivalent to approximately 51.6%. The dividend proposal is subject to the approval of the Shareholders at the annual general meeting of the Company to be held on Monday, May 11, 2026 (the "**2025 AGM**"), and the proposed final dividend is expected to be paid on or before June 9, 2026. The proposed final dividend will be declared in Renminbi and distributed in Hong Kong dollars (H shares) and Renminbi, and the exchange rate will be the average of the middle rate of the exchange rate published by the People's Bank of China one calendar week prior to the date of declaration of proposed final dividend. As of the date of this report, there is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

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2025 AGM

The 2025 AGM will be held on Monday, May 11, 2026. The notice of the 2025 AGM has been published on the Company's website (www.hollwingroup.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and dispatched to the Shareholders in the manner prescribed under the Listing Rules.

DIVIDEND TAXATION

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) with effect on January 1, 2008 and being revised on February 24, 2017 and December 29, 2018, the Implementation Regulations on the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) with effect on January 1, 2008 and being revised on April 23, 2019 and December 6, 2024, and the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shares holders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008] 897號) issued with effect on November 6, 2008 by State Taxation Administration, etc., any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of annual dividends of and after 2008 shall withhold and pay 10% enterprise income tax for such shareholder for fiscal periods after 1 January 2008. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise shareholders (i.e. any Shareholders who hold the Company's H shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H shares registered in the name of other organizations and groups) whose names appear on the register of members of H shares of the Company. Upon receipt of such dividends, an overseas non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or the Company and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《關於國稅發 [1993] 045 號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函 [2011] 348號)) (the **"No. 348 Circular"**) issued on June 28, 2011, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between China and Hong Kong or Macau. Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend or bonus income to be distributed by the PRC non-foreign-invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders, without any application for favorable tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax agreements between the countries of its domicile and the PRC.

If the individual holders of H shares are Hong Kong residents, Macau residents and residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such shareholders.

VII. REPORT OF THE BOARD

If the individual holders of H shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such shareholders. If such shareholders wish to claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company may apply on behalf of such shareholders according to the relevant tax treaties for the relevant agreed preferential tax treatment, provided that the relevant shareholders submit the relevant documents and information required by the Administrative Measures on Enjoying Treatment under Treaties by Non-resident Taxpayers (State Administration of Taxation Announcement 2019, No. 35) (《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)) and the provisions of the relevant tax treaties in a timely manner. The Company will assist with the tax refund of additional amount of tax withheld and paid subject to the approval of the competent tax authorities.

If the individual holders of H shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such shareholders.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H shares of the Company in the PRC and in Hong Kong and other tax effects.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Wednesday, May 6, 2026 to Monday, May 11, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify the Shareholders to attend and vote at the 2025 AGM, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Boardroom Share Registrars (HK) Limited (the Company's H share registrar), at 2103B, 148 Electric Road, North Point, Hong Kong (for holders of H shares) or the Office of the Board of Directors of the Company at 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC (for holders of Unlisted Shares) not later than 4:30 p.m. on Tuesday, May 5, 2026, for registration. Shareholders whose names appear on the register of members of the Company on Monday, May 11, 2026 are entitled to attend and vote at the 2025 AGM. The record date for determining the eligibility of Shareholders to attend and vote at the 2025 AGM is Monday, May 11, 2026.

For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, May 15, 2026 to Tuesday, May 19, 2026, both days inclusive, during which no transfer of shares will be registered. In order to determine the Shareholders' entitlement to the proposed final dividend, all the completed share transfer forms accompanied by the relevant share certificates must be lodged with the Boardroom Share Registrars (HK) Limited (the Company's H share registrar), at 2103B, 148 Electric Road, North Point, Hong Kong (for holders of H shares) or the Office of the Board of Directors of the Company at 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC (for holders of Unlisted Shares) not later than 4:30 p.m. on Thursday, May 14, 2026, for registration. Shareholders whose names appear on the register of members of the Company on Tuesday, May 19, 2026 are entitled to receive the above final dividend. The record date for determining the entitlement to the final dividend is Tuesday, May 19, 2026.

VII. REPORT OF THE BOARD

SHARE CAPITAL

The Company issued 40,000,000 H Shares at a price of HK\$3.2 per H Share on May 17, 2024.

For the year ended December 31, 2025, details of the changes in share capital of the Company are set out in note 23 to the consolidated financial statements.

DEBENTURES

The Company did not issue any debentures for the year ended December 31, 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and community in which it operates. The Group operates its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Group's environmental policy and performance will be disclosed in the Environmental, Social and Governance Report of the Group for the year ended December 31, 2025, which will be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group for the year ended December 31, 2025 are set out in the "XI. Consolidated Statement of Changes in Equity" of this annual report.

As of December 31, 2025, our aggregate amount of reserve available for distribution to equity Shareholders of the Company was approximately RMB187.3 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended December 31, 2025 are set out in note 10 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of the movements in intangible assets of the Group for the year ended December 31, 2025 are set out in note 11 to the consolidated financial statements.

VII. REPORT OF THE BOARD

BORROWINGS

As of December 31, 2025, the Group did not have any outstanding borrowings or banking facilities.

DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments and the five highest paid individuals' remuneration of the Company for the year ended December 31, 2025 are set out in notes 7 and 8 to the consolidated financial statements of the Group.

There was no arrangement under which a Director or senior management of the Company has waived or agreed to waive any remuneration for the year ended December 31, 2025. During the Reporting Period, there was no emolument paid by the Group to any of the Directors 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. The Group did not pay consideration to any third parties for making available Directors' services during the Reporting Period.

The emoluments of the Directors and senior management of the Company were subject to the confirmation by the Remuneration and Evaluation Committee of the Company. The Company strictly abided by the requirements under the relevant standards and policies of the Company with regard to the emoluments of the Directors and senior management. Directors' emoluments (including salaries and other benefits) were recommended by the Remuneration and Evaluation Committee of the Company to the Board for approval upon taking into account factors such as the Company's business results and Directors' performance and responsibilities as well as remuneration benchmark in the industry and the prevailing market conditions.

RETIREMENT BENEFIT PLAN

Details of the retirement benefit scheme are set out in note 5 to the financial statements in this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out in the section "II. Financial Summary and Five-Year Financial Summary" of this annual report.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As of December 31, 2025, the Company did not hold any treasury shares.

TAX RELIEF AND EXEMPTION TO HOLDERS OF LISTED SECURITIES

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

VII. REPORT OF THE BOARD

EQUITY-LINKED AGREEMENTS

For the year ended December 31, 2025, no equity-linked agreement was entered into by the Group or still in effect.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the Reporting Period.

DISCLOSURE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS

For the year ended December 31, 2025 and up to the date of this annual report, the Directors of the Company include:

Name of Directors	Position
Mr. Xie Yi (<i>Chairman of the Board</i>)	Executive Director
Mr. Yang Xin (<i>General Manager</i>)	Executive Director
Mr. Duan Wenming (<i>Chief Financial Officer</i>)	Executive Director
Mr. Wong Kwok Fu (<i>resigned with effect from February 12, 2026</i>)	Executive Director
Mr. Yu Xiao	Non-executive Director
Ms. Chan Ka Lai Vanessa	Independent non-executive Director
Dr. Dai Xiaofeng	Independent non-executive Director
Mr. Tse Chi Wai	Independent non-executive Director

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation letter of independence from each of the independent non-executive Directors (namely, Ms. Chan Ka Lai Vanessa, Dr. Dai Xiaofeng and Mr. Tse Chi Wai) pursuant to Rule 3.13 of the Listing Rules, and the Company is of the view that all such Directors are independent persons for the year ended December 31, 2025.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors proposed for re-election at the 2025 AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation)

VII. REPORT OF THE BOARD

MATERIAL INTERESTS OF DIRECTORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the year ended December 31, 2025, none of the Director, or any entity connected with the Directors is materially interested in, either directly or indirectly, any material transactions, arrangements or contracts relating to the business of the Company to which the Company or any of its subsidiaries is a party.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

For the year ended December 31, 2025, none of the Directors or any of their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the Company's business as required to be disclosed under Rule 8.10 of the Listing Rules.

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

As of December 31, 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended December 31, 2025 were there any rights to acquire benefits by means of the purchase of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no subsisting arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

VII. REPORT OF THE BOARD

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As of December 31, 2025, to the best knowledge of the Directors, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder/ Ultimate Controller	Nature of interest ¹	Type of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant type of Shares ²	Approximate percentage of shareholding in the total issued Shares of the Company ³
CSUDGCL	Beneficial owner	Unlisted Shares	114,000,000	95.00%	71.25%
	Interest held by a controlled corporation ⁴	Unlisted Shares	6,000,000	5.00%	3.75%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner ⁵	H Shares	8,816,000	22.04%	5.51%
RAYS Capital Partners Limited	Investment manager ⁵	H Shares	9,208,000	23.02%	5.76%

Notes:

1. All interests stated are long positions.
2. The calculation is based on a total number of 160,000,000 Shares in issue (including 120,000,000 Unlisted Shares and 40,000,000 H Shares) as of December 31, 2025.
3. The calculation is based on the total number of 160,000,000 Shares in issue as of December 31, 2025.
4. Yuelushan Tourism Culture Development Co., Ltd. (岳麓山旅遊文化開發有限公司) ("Yuelushan Company") is indirectly wholly-owned by CSUDGCL. Accordingly, CSUDGCL is deemed to be interested in such Shares held by Yuelushan Company for the purpose of the SFO.
5. Based on publicly available information, RAYS Capital Partners Limited is the investment manager of Asian Equity Special Opportunities Portfolio Master Fund Limited. Accordingly, RAYS Capital Partners Limited is deemed to be interested in such Shares held by Asian Equity Special Opportunities Portfolio Master Fund Limited for the purpose of the SFO.

Save as disclosed above, as of December 31, 2025, the Company had not been notified of any other interests or short positions held by any other person in the shares or underlying shares of the Company which were required to be recorded or otherwise disclosed to the Company under the SFO.

SHARE OPTION SCHEME

During the period from the Listing Date up to December 31, 2025, the Group had no share option scheme.

VII. REPORT OF THE BOARD

MANAGEMENT CONTRACTS

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

COMPLIANCE WITH NON-COMPETITION AGREEMENT

CSUDGCL, CUCID Group and Yuelushan Company, our controlling Shareholders, entered into a non-competition undertaking in favor of the Company. Changsha Water Industry Group Company Limited (長沙水業集團有限公司) (“**Shuiye Group**”) and Changsha Ranqi Shiye Group Company Limited (長沙市燃氣實業有限公司) (“**Ranqi Group**”) also entered into non-competition undertakings in favor of the Company.

Please refer to “Relationship with Controlling Shareholders – Non-Competition Undertakings” in the Prospectus of the Company dated May 8, 2024 for more details.

For the year ended 31 December 2025, CSUDGCL, CUCID Group, Yuelushan Company, Shuiye Group, and Ranqi Group confirmed that they had complied with the non-competition undertaking.

The independent non-executive Directors have reviewed the confirmation letters issued by the aforementioned entities in relation to their compliance with the non-competition undertaking for the year ended 31 December 2025.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the year ended December 31, 2025, revenue from the Group’s five largest customers contributed approximately 56.71% (FY2024: 60.32%) of the Group’s total revenue while the largest customer contributed approximately 36.5% (FY2024: 39.0%) of the Group’s total revenue during the year.

Major Suppliers

During the year ended December 31, 2025, the aggregate purchase amount attributable to the Group’s five largest suppliers was less than 30% (2024: 33.27%).

Save for that Mr. Yu Xiao, a non-executive Director of the Company, holds management positions at CSUDGCL and its associates (other than the Group), for the year ended December 31, 2025, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

VII. REPORT OF THE BOARD

PRE-EMPTIVE RIGHTS

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

CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

Saved as disclosed under the section headed "Continuing Connected Transaction" below, neither the Company nor any of its subsidiaries entered into transactions, arrangements and significant contracts (including the provision of services) with the controlling Shareholders of the Company or any of its subsidiaries for the year ended December 31, 2025.

CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2025, save as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements under Chapter 14A of the Listing Rules.

1. Entrusted Parking Lot Operation

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into an entrusted parking lot operation framework agreement (the "**Entrusted Parking Lot Operation Framework Agreement**") with CSUDGCL (for itself and on behalf of its associates), pursuant to which CSUDGCL and its associates convey the right to use the respective parking lots to the Group for a term commencing from the Listing Date up to and including December 31, 2026. A fixed percentage of the revenue (i.e. parking service fee paid by the end users) generated from the Group's provision of parking services shall be paid by the Group to CSUDGCL and its associates as parking resource usage fees (i.e. variable lease payments). The definitive service agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Entrusted Parking Lot Operation Service Framework Agreement. Given considerable amount of parking lots owned by CSUDGCL and its associates in Changsha, by entering into the Entrusted Parking Lot Operation Framework Agreement, the Group can secure a substantial amount of parking lots, which enables the Group to maintain its parking lot resources in order to provide parking services to the customers as one of the Group's principal business operations. The proposed annual caps for the three years ending 31 December 2026 are RMB12 million, RMB12.6 million and RMB13.7 million, respectively (the "**Existing Annual Caps**"). For details including its basis for the annual cap amounts, please see the section headed "Continuing Connected Transactions" in the Prospectus.

VII. REPORT OF THE BOARD

Due to the growth of the parking lot business of the Group in 2024, the parking resource usage fees paid by the Company to CSUDGCL and its associates have increased rapidly, and CSUDGCL has further entrusted more parking lots to the Company. As a result, on December 17, 2024, the Company entered into a supplemental agreement with CSUDGCL (for itself and on behalf of its associates), to revise the Existing Annual Caps under the Entrusted Parking Lot Operation Framework Agreement. Pursuant to the supplemental agreement, the proposed annual caps were revised to RMB16.4 million, RMB16.4 million and RMB17 million, respectively, for the three years ending 31 December 2026. The actual transaction amount for the Reporting Period was approximately RMB11.3 million. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Entrusted Parking Lot Operation Framework Agreement remain unchanged. Please refer to the announcement issued by the Company dated December 17, 2024 for details.

2. Technology System and Equipment Usage and Maintenance Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a technology system and equipment usage and maintenance services framework agreement with CSUDGCL (for itself and on behalf of its associates), pursuant to which CSUDGCL and its associates agreed to provide to the Group technology system and equipment usage and maintenance services, including but not limited to (i) the purchase and development of online platform, software and electronic equipment resources; and (ii) the provision of maintenance services relating to equipment, software and other resources for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreements to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Technology System and Equipment Usage and Maintenance Service Framework Agreement. The entering into of such transactions enables the Group to utilize the network infrastructure resources and information technology support from CSUDGCL and its associates as supplement to the Group's existing information technology system and software in order to enhance the efficiency of the business operation, as well as technology research and development. The proposed annual caps for the three years ending 31 December 2026 are RMB10.5 million, RMB5.6 million and RMB5 million, respectively. For details including its basis for the annual cap amounts, please see the section headed "Continuing Connected Transactions" in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB4.9 million.

3. Resources Purchase

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a resources purchase framework agreement with CSUDGCL (for itself and on behalf of its associates), pursuant to which CSUDGCL and its associates agreed to provide to the Group resources provision services, including but not limited to the provision of fuel oil, gas, asphalt, heating and cooling, and water resources for a term commencing from the Listing Date up to and including December 31, 2026. The definitive agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Resources Purchase Framework Agreement. The Group have been purchasing resources (such as fuel oil for our vehicles and equipment, asphalt for its provision of landscaping and engineering services, and gas for its provision of property management services) from CSUDGCL and its associates since our establishment. The proposed annual caps for the three years ending 31 December 2026 are RMB22.3 million, RMB22.7 million and RMB23.3 million, respectively. For details including its basis for the annual cap amounts, please see the section headed "Continuing Connected Transactions" in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB22.0 million.

4. Property Leasing

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a property leasing framework agreement with CSUDGCL (for itself and on behalf of its associates), pursuant to which the Group agreed to lease certain properties including office buildings and dormitories for employees from CSUDGCL and its associates, for a term commencing from the Listing Date up to and including December 31, 2026. The definitive property leasing agreements to be entered into between the Company and CSUDGCL (for itself and on behalf of its associates) shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Property Leasing Framework Agreement. In light of the prime locations, reasonable rent, the satisfactory building condition, quality maintenance work and stable lease term provided by CSUDGCL and its associates to the Group, the Directors believe continuing to lease properties from CSUDGCL and its associates would save the costs incurred in sourcing new locations and avoid any incidental expenses for renting new offices, as well as enhancing the stability of business operations of the Group. The proposed annual caps for the three years ending 31 December 2026 are RMB3.1 million, RMB3.6 million and RMB3.6 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB0.5 million.

5. Property Management Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a property management services framework agreement with CSUDGCL (for itself and on behalf of its associates) (the “**Property Management Service Framework Agreement**”), pursuant to which the Group agreed to provide to CSUDGCL and its associates property management services, including but not limited to cleaning and general greening services, security services, repair and maintenance services and customer services in respect of (i) property units developed by CSUDGCL and its associates which have been completed and are either unsold or sold but not yet delivered to the buyers; and (ii) residential communities, office buildings and other properties owned, used or operated by CSUDGCL and its associates, for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreement to be entered into between our Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Property Management Service Framework Agreement. Given the considerable amount of municipal, commercial and residential properties owned or developed by CSUDGCL and its associates, by entering into the Property Management Service Framework Agreement, the Group can maintain a strategic cooperation relationship with CSUDGCL and its associates, providing quality property management services to them. The proposed annual caps for the three years ending 31 December 2026 are RMB101.5 million, RMB95.6 million and RMB90.9 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB81.9 million.

VII. REPORT OF THE BOARD

6. Commercial Operation Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a commercial operation service framework agreement (the “**Commercial Operation Service Framework Agreement**”) with CSUDGCL (for itself and on behalf of its associates), pursuant to which the Group agreed to provide to CSUDGCL and its associates commercial operation services, including but not limited to (i) property leasing services; and (ii) comprehensive operation and management services, such as market commercial positioning, consultancy, tenant sourcing services, safety management and daily maintenance for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Commercial Operation Service Framework Agreement. Given the considerable amount of commercial and residential properties owned or developed by CSUDGCL and its associates, by entering into the Commercial Operation Service Framework Agreement, the Group can maintain a strategic cooperation relationship with CSUDGCL and its associates, providing quality commercial operation services to them and securing a considerable market share in the commercial operation market in Changsha. The proposed annual caps for the three years ending 31 December 2026 are RMB68.5 million, RMB71.7 million and RMB74 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB63.2 million.

7. Landscaping and Engineering Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a landscaping and engineering services framework agreement with CSUDGCL (for itself and on behalf of its associates) (the “**Landscaping and Engineering Service Framework Agreement**”), pursuant to which the Group agreed to provide to CSUDGCL and its associates landscaping and engineering services, including but not limited to (i) landscaping and engineering services, mainly including environmental improvement, green land remodeling and maintenance, tree, grass and flower planting and the tree shaping and sculpting, and (ii) property engineering construction services, mainly including construction, installment and maintenance services for building components and systems, interior renovation and architectural decoration, for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Landscaping and Engineering Service Framework Agreement. Given considerable amount of municipal, commercial and residential properties owned or developed by CSUDGCL and its associates, demand of landscaping and engineering services of CSUDGCL and its associates will be sizable. By entering into the Landscaping and Engineering Service Framework Agreement, the Group can maintain a strategic cooperation relationship with CSUDGCL and its associates, providing quality landscaping and engineering services to them. The proposed annual caps for the three years ending 31 December 2026 are RMB171.9 million, RMB199.8 million and RMB264.4 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB102.6 million.

VII. REPORT OF THE BOARD

8. Parking Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a parking service framework agreement (the **“Parking Service Framework Agreement”**) with CSUDGCL (for itself and on behalf of its associates), pursuant to which, the Group agreed to provide to CSUDGCL and its associates parking services for the use of their employees, including but not limited to the provision of parking services, parking lot leasing and other related value-added services, for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Parking Service Framework Agreement. Given the considerable parking services needed by CSUDGCL and its associates based on the scale of CSUD Group, by entering into the Parking Service Framework Agreement, the Group is able to maintain a strategic cooperation relationship with CSUDGCL and its associates, providing quality parking services to them. The proposed annual caps for the three years ending 31 December 2026 are RMB1.6 million, RMB1.6 million and RMB1.6 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB1.2 million.

9. Lighting System Operation Service

On May 5, 2024, the Company (for itself and on behalf of its subsidiaries) entered into a lighting system operation services framework agreement (the **“Lighting System Operation Service Framework Agreement”**) with CSUDGCL (for itself and on behalf of its associates), pursuant to which the Group agreed to provide to CSUDGCL and its associates landscape lighting operation and functional lighting operation services, including but not limited to (i) operation and maintenance management of night lighting control system; and (ii) operation and maintenance of street lights and auxiliary facilities and equipment for a term commencing from the Listing Date up to and including December 31, 2026. The definitive service agreement to be entered into between the Company and CSUDGCL and its associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Lighting System Operation Service Framework Agreement. Entering into the Lighting System Operation Services Framework Agreement enables the Group to secure quality lighting system operation projects and also improve the competitiveness in providing quality lighting system operation services to third-party customers. The proposed annual caps for the three years ending 31 December 2026 are RMB14.7 million, RMB14.7 million and RMB14.7 million, respectively. For details including its basis for the annual cap amounts, please see the section headed “Continuing Connected Transactions” in the Prospectus. The actual transaction amount for the Reporting Period was approximately RMB8.4 million.

During the Reporting Period, the Company has followed the pricing policies and guidelines for above continuing connected transaction agreements disclosed in the Prospectus and relevant announcements.

Continuing Connected Transactions Reviewed by Independent Non-executive Directors

According to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have annually reviewed the continuing connected transactions and confirmed that they are:

- (i) entered into in the ordinary and usual course of business of the Group;
- (ii) conducted on normal commercial terms or better; and
- (iii) conducted pursuant to the agreement of the related transaction, on fair and reasonable terms and in the interests of the Shareholders of the Company as a whole.

VII. REPORT OF THE BOARD

Confirmation from the Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor, KPMG, was engaged by the Board to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the auditor of the Company confirmed to the Board of Directors that:

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

The Company has allowed, and ensured that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions entered into by the Group during the year ended December 31, 2025 are set out in note 26 to the consolidated financial statements. Save as disclosed above, the related party transactions set out in the note above do not fall within the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

PARTICULARS OF MATERIAL SUBSIDIARIES

The particulars of subsidiaries which principally affected the results, assets or liabilities of the Group during the Reporting Period are set out in note 12 to the consolidated financial statements.

None of the material subsidiaries had issued any debt securities during the Reporting Period.

VII. REPORT OF THE BOARD

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2025, the Group had a total of 545 employees. For the Reporting Period, the total staff cost of the Group was RMB101.1 million (the year ended December 31, 2024: RMB107.1 million). The Group's employee remuneration policy is determined by factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group considers the employee's annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service quality. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labor dispute during the Reporting Period.

HOUSING FUND AND PENSION SCHEME

According to the relevant PRC laws and regulations, the Group's subsidiaries operating in the PRC are required to participate in the housing fund and the contribution pension scheme operated by local governments. Under these schemes, the Group is required to pay to the contribution pension scheme based on a certain percentage of the remuneration of its employees. The only obligation of the Group with respect to the housing fund and pension scheme is to make the required contributions under the scheme. Contributions made under the housing fund and pension scheme are charged in the statements of profit or loss as incurred.

During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group considers its staff to be crucial to the caliber of its services and the satisfaction of its clients. The Group provides its employees with opportunities for career growth and training in the technical skills essential to its business as part of its ongoing efforts to keep and inspire talent. The training programs primarily include induction training for newcomers, routine trainings and trainings for all employees. The Group also plan to participate in training sponsored by external organizations.

VII. REPORT OF THE BOARD

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated September 4, 2025 and January 26, 2026 (the “**Litigation Announcements**”), and capitalized terms used hereafter shall have the same meanings as those defined in the Announcements. On January 19, 2026, the Company and the Plaintiff filed a consent summons with the Court pursuant to a settlement reached over the Plaintiff’s claim against the Company for an outstanding balance payable in the sum of USD615,200. On January 22, 2026, an order in terms of the Consent Summons was granted by the Court.

On April 17, 2026, the Company entered into a share acquisition agreement (the “**Share Acquisition Agreement**”) with CSUDGCL, Mr. Liu Junqing, Mr. Yang Guanzhong, Mr. Yang Hong, Ms. Yang Yujuan, and Mr. Tang Weiping (the “**Transferors**”), pursuant to which the Company has conditionally agreed to acquire, and the Transferors have conditionally agreed to sell, the entire equity interest of the Hunan Liwei Zhongtian Technology Development Co., Ltd.* (湖南力唯中天科技發展有限公司) at the consideration of RMB49,543,500, subject to the terms and conditions of the Share Acquisition Agreement. On the same day, the Board has resolved the Change in Use of Proceeds, under which the Board would reallocate a portion of the remaining net proceeds of the Global Offering for the Acquisition. For details, please refer to Change in Use of Proceeds Announcement and the Acquisition Announcement.

Save as disclosed hereinabove and in this report, no significant event has occurred since the end of the Reporting Period and up to the date of this report.

MATERIAL LITIGATION

Reference is made to the Litigation Announcements, and capitalized terms used hereafter shall have the same meanings as those defined in the Litigation Announcements. In September 2025, the Company received a writ of summons issued by the Court and initiated by the solicitors of the Plaintiff, being Toppan Nexus Holdings Limited, against the Company for an outstanding balance payable in the sum of USD615,200 for the services rendered by the Plaintiff as a financial printer to the Company. As disclosed in “Events After The Reporting Period”, an order in terms of the Consent Summons was subsequently granted by the Court in relation to the said claim in January 2026.

Save as disclosed hereinabove and in this annual report, during the year ended December 31, 2025, the Group was not engaged in any other material litigation or arbitration which could have a material effect on its financial condition or results of operations. So far as the Directors are aware, no such litigation or arbitration of material importance is pending or threatened against the Group.

AUDITOR

The Shares of the Company have been listed on the Hong Kong Stock Exchange since May 17, 2024 and there has been no change in the auditor since the Listing Date. The 2024 annual general meeting of the Company held on Friday, June 30, 2025 reviewed and approved the appointment of KPMG as the auditor of the Company for the year 2025. The consolidated financial statements for the year ended December 31, 2025 have been audited by KPMG, Certified Public Accountants, which will be subject to nomination for re-appointment at the forthcoming annual general meeting.

VII. REPORT OF THE BOARD

ACCOUNTS REVIEW

The Audit Committee of the Company has reviewed the Group's audited consolidated financial statements for the year ended December 31, 2025, and discussed with the management and auditors of the Company the accounting principles and practices adopted by the Group, as well as risk management, internal control and financial reporting related matters.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is subject to various laws and regulations, primarily including the Company Law of the PRC, the Civil Code of the PRC, the Labor Law of the PRC, the Labor Contract Law of the PRC, the Bidding Law of the PRC, the Environmental Protection Law of the PRC, the Production Safety Law of the PRC, the Fire Control Law of the PRC and the Land Administration Law of the PRC as well as the Provisions on Property Management and the Regulations on Safety Supervision of Special Equipment promulgated by the State Council of the PRC.

For the year ended December 31, 2025, the Company's business had complied with the relevant laws and regulations in all material aspects and had not seriously breached or violated any laws and regulations applicable to the Company which would result in a material and adverse impact on the business or financial condition of the Company as a whole.

PUBLIC FLOAT

Based on the published information and to the knowledge of the Directors, for the Reporting Period and as of the date of this report, the Company maintained sufficient public float of at least 25% of the Company's total number of issued shares as required by the Listing Rules.

Details of (1) shareholding of substantial Shareholders and Directors in the issued share capital of the Company as at 31 December 2025 is set out in this Directors' Report; and (2) structure of the share capital of the Company as at 31 December 2025 is set out in note 23 to the financial statements.

RELATIONSHIPS WITH STAKEHOLDERS

The Company deeply believes that our employees, customers and business partners are key to our sustainable development. The Company strives to achieve corporate sustainability through engaging our employees, providing customers with quality services, collaborating with business partners and supporting public welfare.

The Company places significant emphasis on human resources. The Company provides a fair workplace to employees and embraces inclusiveness and multi-cultural backgrounds. Employees are also provided with competitive remuneration packages and a wide range of opportunities for career advancement based on their performance. The Company administers its health and safety management system for employees and ensures the implementation of the principles adopted by the Company. Regular training is provided to employees to keep them abreast of the latest development in the market and industry, in the form of both internal training and training courses provided by external professional organizations.

VII. REPORT OF THE BOARD

The Company values the feedback from customers which is obtained through daily communication and other surveys. Moreover, the Company has also established a mechanism for customer service and support. The Company sees rendering services to customers as a valuable opportunity to improve its relationship with customers and will respond promptly.

The Company understands that the role of suppliers is equally important for providing quality services, therefore it has actively cooperated with business partners to provide premium and sustainable services.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Company has been actively promoting sustainable development and environmental protection. It has been proactive in facilitating and achieving effective use of resources during its operation and has strictly complied with laws and regulations in connection with environmental protection and health. At the same time, various types of environmental and public welfare activities were held in the course of its operation to promote the concept of environmental protection to every sector of the society in order to build a green and wonderful future together.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company believes that promoting sustainable development is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainable development in its operations. The Company is committed to strengthening its management's efforts to promote a sustainable development plan through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate the Group's commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under the Environmental, Social and Governance Reporting Guide as specified in Appendix C2 to the Listing Rules. The report will present the Company's commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impacts arising from the activities of the Company and its joint ventures.

By order of the Board
Hollwin Urban Operation Service Group Co., Ltd
Mr. Xie Yi
Chairman and Executive Director

Changsha, Hunan Province, the PRC
March 27, 2026

VIII. INDEPENDENT AUDITOR'S REPORT



**Independent auditor's report to the shareholders of
Hollwin Urban Operation Service Group Co., Ltd**
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Hollwin Urban Operation Service Group Co., Ltd (the **"Company"**) and its subsidiaries (the **"Group"**) set out on pages 72 to 132, which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (**"IASB"**) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

VIII. INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Expected credit loss allowance for trade receivables and contract assets

Refer to Notes 16 and 17 to the consolidated financial statements and the accounting policies on Note 2(i).

The Key Audit Matter

As at 31 December 2025, the Group's gross trade receivables and gross contract assets amounted to RMB192.00 million and RMB345.28 million, respectively, against which allowances of RMB26.76 million and RMB27.82 million for expected credit losses ("**ECLs**"), respectively, were recorded. The net carrying amount of trade receivables and contract assets represented 51.0% of the Group's consolidated total assets.

Management measures the ECL allowance for the trade receivables and contract assets at an amount equal to lifetime ECL based on the Group's historical collection experience for different categories of customers, and the ageing of trade receivables and contract assets.

According to the past experience of the Group, the credit loss patterns of different customer groups are significantly different. The Group clusters customers into customer groups based on historical collection experience. The Group estimates ECL allowance for trade receivables and contract assets for each of the customer groups with similar loss patterns.

We identified the ECL allowance for trade receivables and contract assets as a key audit matter because trade receivables and contract assets and ECL allowance are material to the Group's financial statements and because the recognition of ECL is inherently subjective and requires significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance of trade receivables and contract assets included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls relating to categorisation of customers, ageing analysis review, estimation of ECLs and making related allowance;
- evaluating the Group's policy and methods for estimating the ECL allowance with reference to the requirements of the applicable accounting standard;
- assessing the appropriateness of the key assumptions adopted by the management in the ECL model, including the basis of segmentation of the trade debtors and contract assets based on the shared credit risk characteristics;
- assessing the accuracy and reliability of the parameters used for the estimated ECL rates by examining historical collection data of trade receivables and contract assets, and assessing, on a sample basis, whether the trade receivables and contract assets were categorised in the appropriate time bands by comparing individual items with sales invoices or other underlying documentation; and
- re-performing the calculation of the ECL allowance as at 31 December 2025 based on the Group's ECL policy and methods.

VIII. INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 THE DIRECTORS 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 IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors 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.

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

VIII. INDEPENDENT AUDITOR'S REPORT

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

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

As part of an audit in accordance with HKSA's, we exercise professional judgement 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.

VIII. INDEPENDENT AUDITOR'S REPORT

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

- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong (practising certificate number: P05590).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2026

IX. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	674,664	683,511
Cost of sales		(500,988)	(511,187)
Gross profit		173,676	172,324
Other net income	5(f)	256	536
Selling expenses		(3,363)	(4,413)
Administrative expenses		(63,367)	(68,125)
Expected credit loss	5(e)	(11,301)	(9,706)
Profit from operations		95,901	90,616
Share of profits less losses of an associate and joint ventures	13/14	1,187	1,836
Finance income	5(a)	2,228	2,730
Finance costs	5(b)	(129)	(68)
Profit before taxation		99,187	95,114
Income tax	6	(24,699)	(23,632)
Profit and total comprehensive income for the year		74,488	71,482
Attributable to:			
Equity shareholders of the Company		74,376	71,858
Non-controlling interests		112	(376)
Profit for the year		74,488	71,482
Earnings per share (RMB)	9		
Basic and diluted		0.46	0.50

The Notes on pages 77 to 132 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(b).

X. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	10(a)	25,965	17,286
Intangible assets	11	3,885	47
Investments in joint ventures	13	15,892	14,635
Investment in an associate	14	7,763	10,736
Deferred tax assets	22(b)	16,219	13,124
Rental deposits		1,814	842
Prepayments for acquisition of non-current assets		—	2,890
		71,538	59,560
Current assets			
Inventories	15	4,866	3,680
Contract assets	16(a)	317,464	286,302
Prepayments, trade and other receivables	17	197,557	187,013
Restricted bank deposits	18	1,163	5,325
Cash and cash equivalents	18	353,253	354,668
		874,303	836,988
Current liabilities			
Trade and other payables	19	491,878	480,002
Contract liabilities	16(b)	23,086	23,578
Lease liabilities	20	578	761
Current taxation	22(a)	14,798	13,690
		530,340	518,031
Net current assets		343,963	318,957
Total assets less current liabilities		415,501	378,517

X. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	20	1,707	2,139
Deferred income	21	1,588	1,860
		3,295	3,999
NET ASSETS		412,206	374,518
CAPITAL AND RESERVES	23		
Share capital	23(c)	160,000	160,000
Reserves	23(d)	252,089	214,513
Total equity attributable to equity shareholders of the Company		412,089	374,513
Non-controlling interests		117	5
TOTAL EQUITY		412,206	374,518

Approved and authorised for issue by the board of directors on 27 March 2026.

Xie Yi

Chairman

Duan Wenming

Executive Director
and Chief Financial Officer

The Notes on pages 77 to 132 form part of these financial statements.

XI. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	120,000	–	5,938	129,916	255,854	–	255,854
Changes in equity for 2024:							
Profit and total comprehensive income for the year	–	–	–	71,858	71,858	(376)	71,482
Issuance of shares by initial public offering	40,000	42,001	–	–	82,001	–	82,001
Special dividends declared 23(b)	–	–	–	(35,200)	(35,200)	–	(35,200)
Appropriation for statutory surplus reserve	–	–	16,261	(16,261)	–	–	–
Capital contribution receivable from non-controlling interests	–	–	–	–	–	381	381
Balance at 31 December 2024 and 1 January 2025	160,000	42,001	22,199	150,313	374,513	5	374,518
Changes in equity for 2025:							
Profit and total comprehensive income for the year	–	–	–	74,376	74,376	112	74,488
Dividends approved in respect of the previous year 23(b)	–	–	–	(36,800)	(36,800)	–	(36,800)
Appropriation for statutory surplus reserve 23(d)	–	–	552	(552)	–	–	–
Balance at 31 December 2025	160,000	42,001	22,751	187,337	412,089	117	412,206

The Notes on pages 77 to 132 form part of these financial statements.

XII. CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	18(b)	80,239	100,658
Income tax paid	22(a)	(26,686)	(24,302)
Net cash generated from operating activities		53,553	76,356
Investing activities			
Payment for the purchase of property, plant and equipment and other non-current assets		(17,966)	(4,935)
Proceeds from disposal of property, plant and equipment and investment properties		28	14
Payment for time deposit		(60,000)	–
Proceeds from redemption of time deposit		60,000	–
Proceeds from capital reduction of an associate		2,800	–
Interests received		2,090	2,722
Dividends received from an associate		146	672
Net cash used in investing activities		(12,902)	(1,527)
Financing activities			
Capital element of lease rentals paid	18(c)	(615)	(669)
Interest element of lease rentals paid	18(c)	(129)	(68)
Advances from related parties	18(c)	–	3,183
Repayments of advances from related parties	18(c)	(3,518)	(4,319)
Dividends paid to equity shareholders of the Company	18(c)	(36,813)	(35,200)
Payment of listing expenses/issuance of shares upon initial public offering, net of issuing costs paid		(991)	106,702
Net cash (used in)/generated from financing activities		(42,066)	69,629
Net (decrease)/increase in cash and cash equivalents		(1,415)	144,458
Cash and cash equivalents at 1 January	18(a)	354,668	210,210
Cash and cash equivalents at 31 December	18(a)	353,253	354,668

The Notes on pages 77 to 132 form part of these financial statements.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Hollwin Urban Operation Service Group Co., Ltd (the “**Company**”) was established as a limited liability company with registered capital of RMB10,000,000 on 7 September 2015 in Changsha, Hunan Province, the People’s Republic of China (the “**PRC**”). The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 17 May 2024. The address of the Company’s registered office is 9/F, Building A1, Xiangjiang Times Square, 179 Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in property management services, urban services and commercial operation services as defined in Note 4(b). Further details on the main service lines and operation segments of the Group are set out in Note 4.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interest in an associate and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments have no material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

(e) Associate and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in a joint venture is stated at cost less impairment losses (see Note 2(i)(ii)).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest (see Note 2(h)); and
- items of plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Leasehold improvement	Over the shorter of the lease term or 3–5 years
– Right-of-use assets	Over the lease term
– Motor vehicles	3–5 years
– Machinery and electronic equipment	3–5 years
– Furniture and others	3–5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible assets (other than goodwill)

Intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Software	3–10 years
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Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Lease assets

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

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Lease assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(r)(ii)(c).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classified the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (“ECL”s) on the financial assets measured at amortised cost (including cash and cash equivalents, restricted bank deposits, trade receivables and other receivables), and contract assets (see Note 2(k)).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- Cash and cash equivalents, restricted bank deposits, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof.

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and contract assets (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 2(i)(i)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories are calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(r)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(r)(ii)(a)).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs (see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Employee benefits

(i) **Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract.

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other income (Continued)

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group principally generates its revenue from the provision of property management services, lighting system operation services, municipal sanitation services, landscaping and engineering services, commercial operation services and parking lot operation services. The Group's revenue is derived from the following sources:

– *Provision of property management services, lighting system operation services, and municipal sanitation services*

For property management services, lighting system operation services and municipal sanitation services income from properties and public facilities managed under lump sum basis, where the Group acts as principal and is primarily responsible for providing the certain services to the property owners or users, the Group bills a fixed amount for services provided on a periodical basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

– *Provision of commercial operation services*

Commercial operation services to owners of the shopping malls mainly include tenant sourcing services, tenant management and rent collection services, for which the service fee is calculated at a percentage of rental fees and revenue is recognised monthly when such services are provided.

– *Provision of landscaping and engineering services*

Revenue from the provision of landscaping and engineering services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the engineering services.

– *Provision of parking lot operation services*

Revenue from the provision of parking lot operation services consists of fees from users for the access of parking lot space provided by the Group. The price of the parking fee is based on a per-use or monthly or contractual basis.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Revenue and other income (Continued)

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues under the effective interest method.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(c) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(s) Related parties

(a) A person, or a close member of 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 the Group's parent.

(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).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

- (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 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).
- (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 Group's parent.

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

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key source of estimation uncertainty in the preparation of the consolidated financial statements is as follows:

(i) Expected credit losses for receivables and contract assets

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used 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.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables, contract assets, and the related loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see Note 24.

(ii) Determination method and measuring of performance progress of landscaping and engineering services

The Group determines the performance progress of the landscaping and engineering services using the input method. Specifically, the Group determines the performance progress according to the proportion of the accumulated actual landscaping and engineering cost in the estimated total cost. The accumulated actual cost includes the direct cost and indirect cost incurred in the process of the Group transferring goods or rendering services to customers.

The landscaping and engineering contract revenue with the customer is determined by the landscaping and engineering cost. The proportion of the actual landscaping and engineering cost to the estimated total cost can truly reflect the performance progress of the landscaping and engineering service. In view of the long lifetime of the landscaping and engineering contract and the possibility of spanning several accounting periods, the Group will review and revise the budget with the progress of the landscaping and engineering contract, and adjust the revenue recognition amount accordingly.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally generates its revenue from the provision of property management services, urban services and commercial operation services as defined in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers and other sources by major services lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major service lines		
– Provision of property management services	312,912	278,526
– Provision of municipal sanitation services	52,786	62,971
– Provision of lighting system operation services	64,013	62,186
– Provision of commercial operation services	67,593	61,338
– Provision of landscaping and engineering services	121,376	162,046
– Provision of parking lots services	50,500	52,436
	669,180	679,503
Revenue from other sources		
Disaggregated by major services lines		
– sublease of parking lots	5,484	4,008
	674,664	683,511

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 4(b)(i) and 4(b)(iv).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(ii) Information about major customers

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

	2025 RMB'000	2024 RMB'000
Changsha Urban Development Group Co., Ltd. and its subsidiaries (excluding the Group, together, the "CSUD Group") (Note (a))	246,034	251,925

Note:

(a) Revenue from all three operating segments as defined in Note 4(b).

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting period date

For property management services, municipal sanitation services, commercial operational services and lighting system operation services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for the above types of contracts.

For landscaping and engineering services contracts entered into by the customers with the Group, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB51,274,000 (2024: RMB50,125,000) as at 31 December 2025. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 1 to 12 months as at 31 December 2025 and 2024 respectively.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by services lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Property Management Services which include management and operation services provided to commercial properties, residential properties, and public properties.
- Urban Services which include the provision of lighting system operation services, municipal sanitation services, landscaping and engineering services, parking lot operation services and sublease of parking lot.
- Commercial Operation Services which include the provision of commercial operation services such as tenant sourcing services, tenant management, rent collection services and sublease of commercial properties.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment profit/loss represents gross profit earned by/loss from each segment.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

	Property Management Services		Urban Services		Commercial Operation Services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers								
Revenue from contracts with customers within the scope of IFRS 15								
Disaggregated by timing of revenue recognition								
Point in time	3,555	4,410	–	–	3,009	1,998	6,564	6,408
Over time	322,650	286,681	275,382	327,074	64,584	59,340	662,616	673,095
Subtotal	326,205	291,091	275,382	327,074	67,593	61,338	669,180	679,503
Revenue from other sources								
Gross rental income	–	–	5,484	4,008	–	–	5,484	4,008
Total	326,205	291,091	280,866	331,082	67,593	61,338	674,664	683,511
Inter-segment revenue	10,733	8,835	221	370	6	–	10,960	9,205
Reportable segment revenue	336,938	299,926	281,087	331,452	67,599	61,338	685,624	692,716
Gross profit	61,015	50,617	72,239	84,617	40,422	37,090	173,676	172,324

(ii) Reconciliations of reportable segment revenues

	2025	2024
	RMB'000	RMB'000
Reportable segment revenue	685,624	692,716
Elimination of inter-segment revenue	(10,960)	(9,205)
Consolidated revenue (Note 4(a))	674,664	683,511

(iii) Segment assets and liabilities

No segment assets and liabilities information are provided as no such information is regularly provided to CODM of the Group on making decision of resources allocation and performance assessment.

(iv) Geographic information

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and all the Group's assets are situated in the PRC.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	(2,090)	(2,722)
Interest income from rental deposits	(138)	(8)
	(2,228)	(2,730)

(b) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	129	68

(c) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	91,691	97,717
Contributions to defined contribution retirement plan	9,442	9,428
	101,133	107,145

Note: Employees of the Group's PRC entities are required to participate in a defined contribution scheme administrated and operated by the local municipal governments ("State Operated Scheme"). The Group's entities contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

Qualified employees of the Group's entities are also eligible to participate in a defined contribution scheme operated by the Group ("Group Operated Scheme"). The Group's entities contribute funds which are calculated on certain percentages of the qualified employees' salary as a part of their retirement benefit.

The Group has no other material obligation for the payment of retirement benefits associated with the State Operated Scheme.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION (Continued)

(d) Other items

	2025 RMB'000	2024 RMB'000
Depreciation and amortisation		
– Property, plant and equipment (Note 10(a))	7,534	7,683
– Intangible assets (Note 11)	454	36
	7,988	7,719
Auditors' remuneration	1,660	2,581
Listing expenses	–	2,057

(e) Expected credit loss

Expected credit losses recognised/(reversed) during the year are from items below:

	2025 RMB'000	2024 RMB'000
Trade receivables	(6,262)	11,009
Contract assets	17,702	(2,657)
Other receivables	(139)	1,354
	11,301	9,706

(f) Other net income

	Note	2025 RMB'000	2024 RMB'000
Government grants	(i)	(506)	(980)
Exchange loss		16	692
Loss/(gain) on disposal of property, plant and equipment		119	(2)
Others		115	(246)
		(256)	(536)

Note:

- (i) For the years ended 31 December 2025 and 2024, the government grants received by the Group mainly related to subsidies for staff retention and acquisition of non-current assets.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the year	27,595	26,607
Under/(over)-provision in respect of prior year	199	(86)
Deferred tax		
Origination and reversal of temporary differences (Note 22(b))	(3,095)	(2,889)
	24,699	23,632

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	99,187	95,114
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note (i))	24,797	23,779
Tax effect of PRC preferential tax rates (Note (ii))	(252)	(181)
Tax effect of share of profits less losses of an associate and joint ventures	(297)	(459)
Tax effect of non-deductible expenses	252	579
Under/(over)-provision in respect of prior year	199	(86)
Actual income tax expense	24,699	23,632

Notes:

- (i) The Group's entities in Chinese Mainland are subject to PRC income tax at 25%.
- (ii) Certain entities of the Group had been filed as Small Low-Profit Enterprises for previous years. The management of the Group believes that these entities will continue to be qualified as Small Low-Profit Enterprises and are subject to a preferential effective tax rate at 5% (2024: 5%) on taxable profit within RMB3,000,000 for the year ended 31 December 2025.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and executive director					
Xie Yi	–	659	–	74	733
Executive Directors					
Wong Kwok Fu (<i>resigned on 12 February 2026</i>)	–	693	–	78	771
Duan Wenming	–	369	–	52	421
Yang Xin	–	568	–	70	638
Non-Executive Director					
Yu Xiao (<i>Note (i)</i>)	–	–	–	–	–
Independent Non-Executive Directors					
Chan Ka Lai	120	–	–	–	120
Dai Xiaofeng	120	–	–	–	120
Tse Chi Wai	120	–	–	–	120
Supervisors					
Xiao Mingxi (<i>Note (iii)</i>)	–	238	–	34	272
Huang Guohui (<i>Note (iii)</i>)	–	404	–	57	461
Peng Juanjuan (<i>Note (ii), (iii)</i>)	–	–	–	–	–
	360	2,931	–	365	3,656

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS (Continued)

	2024				
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and executive director					
Xie Yi	–	701	–	64	765
Executive Directors					
Wong Kwok Fu (<i>resigned on 12 February 2026</i>)	–	753	–	73	826
Duan Wenming	–	412	–	53	465
Yan Yongxiang (<i>resigned on 9 October 2024</i>)	–	478	–	55	533
Yang Xin (<i>appointed on 30 October 2024</i>)	–	155	–	17	172
Non-Executive Director					
Yu Xiao (<i>Note (i)</i>)	–	–	–	–	–
Independent Non-Executive Directors					
Chan Ka Lai	120	–	–	–	120
Dai Xiaofeng	120	–	–	–	120
Tse Chi Wai	120	–	–	–	120
Supervisors					
Xiao Mingxi	–	255	–	35	290
Huang Guohui	–	574	–	64	638
Peng Juanjuan (<i>Note (iii)</i>)	–	–	–	–	–
	360	3,328	–	361	4,049

Notes:

- (i) Mr. Yu Xiao was not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group. No apportionment has been made as the qualifying services provided by him to the Group are incidental to his responsibilities to the shareholder of the Company.
- (ii) Ms. Peng Juanjuan was not paid directly by the Group but received remuneration from the shareholder of the Company or its related parties other than the Group. No apportionment has been made as the qualifying services provided by her to the Group are incidental to her responsibilities to the shareholder of the Company.
- (iii) Pursuant to the latest laws regulations of the China Securities Regulatory Commission, shareholders of the Company passed a resolution at the annual general meeting held in June 2025 to abolish the supervisory committee of the Company effective immediately. After the abolishment, supervisors other than Ms. Peng Juanjuan continued to be employees of the Group. The emoluments shown above represent remuneration received and receivable by them from the Group in their capacity as supervisors and employees of the Group during the year ended 31 December 2025.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: four) are directors or supervisors whose emoluments are disclosed in Note 7. The emoluments in respect of the other two (2024: one) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	901	438
Retirement scheme contributions	95	45
	996	483

The emoluments of the two (2024: one) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil to Hong Kong Dollar 1,000,000	2	1

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB74,376,000 (2024: RMB71,858,000) and the weighted average of 160,000,000 ordinary shares (2024: 145,027,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at 1 January	160,000	120,000
Effect of issue of new shares by initial public offering (Note 23(c))	—	25,027
Weighted average number of ordinary shares at 31 December	160,000	145,027

There were no dilutive potential shares outstanding during the years ended 31 December 2025 and 2024 and therefore the diluted earnings per share are the same as the basic earnings per share.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Right-of-use assets <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Machinery and electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture and others <i>RMB'000</i>	Construction in progress ("CIP") <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:							
At 1 January 2024	370	18,506	15,108	23,818	4,106	–	61,908
Additions	3,539	1,300	1,319	243	328	281	7,010
Disposals/expiration	(370)	–	(64)	–	(94)	–	(528)
At 31 December 2024 and 1 January 2025	3,539	19,806	16,363	24,061	4,340	281	68,390
Additions	77	3,667	10,313	2,305	202	–	16,564
Disposals/expiration/adjustment	(16)	–	(507)	(1,237)	(902)	(204)	(2,866)
Transfer from CIP	–	77	–	–	–	(77)	–
At 31 December 2025	3,600	23,550	26,169	25,129	3,640	–	82,088
Accumulated depreciation:							
At 1 January 2024	(322)	(18,387)	(6,146)	(15,397)	(3,685)	–	(43,937)
Charge for the year	(536)	(393)	(1,833)	(4,565)	(356)	–	(7,683)
Written back on disposal/expiration	370	–	56	–	90	–	516
At 31 December 2024 and 1 January 2025	(488)	(18,780)	(7,923)	(19,962)	(3,951)	–	(51,104)
Charge for the year	(819)	(841)	(4,084)	(1,461)	(329)	–	(7,534)
Written back on disposal/ expiration	16	–	475	1,167	857	–	2,515
At 31 December 2025	(1,291)	(19,621)	(11,532)	(20,256)	(3,423)	–	(56,123)
Net book value:							
At 31 December 2025	2,309	3,929	14,637	4,873	217	–	25,965
At 31 December 2024	3,051	1,026	8,440	4,099	389	281	17,286

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2025 RMB'000	2024 RMB'000
Properties leased for own use, carried at depreciated cost	10(a)	2,309	3,051

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Note	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
– Properties leased for own use, carried at depreciated cost	(i)	819	536
Interest on lease liabilities	5(b)	129	68
Expense relating to short-term leases		2,887	7,859
Variable lease payments not included in the measurement of lease liabilities	(ii)	13,861	15,609

Notes:

- (i) During the years ended 31 December 2025 and 2024, additions to right-of-use assets were primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 20, respectively. The Group leases apartments and commercial properties under leases expiring in 1–3 years.

- (ii) The Group leased a number of parking lots which contain variable lease payment terms that are based on revenue generated from the parking lots and there is no fixed lease payment. These payment terms are common in parking lots where the Group operates. Variable lease payments are based on 15–60% of the Group's sublease revenue during each year.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

11 INTANGIBLE ASSETS

	Software RMB'000
Cost:	
At 1 January 2024, 31 December 2024 and 1 January 2025	474
Additions	4,292
At 31 December 2025	4,766
Accumulated amortisation:	
At 1 January 2024	(391)
Charge for the year	(36)
At 31 December 2024 and 1 January 2025	(427)
Charge for the year	(454)
At 31 December 2025	(881)
Net book value:	
At 31 December 2025	3,885
At 31 December 2024	47

Note: During the year ended 31 December 2025, additions to intangible assets were RMB4,292,000. This amount related to the software developed by a former related party, which was disposed by CSUD Group to a third party in 2024.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation and business	Particulars of registered/paid-up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Changsha Chengfa Property Management Co., Ltd. 長沙城發物業管理有限公司(i)(ii)	the PRC	RMB20,000,000/Nil	100%	100%	–	Provision of property management services
Changsha Chengtou Property Service Co., Ltd. 長沙城發物業服務有限公司(i)(ii)	the PRC	RMB500,000/ RMB500,000	100%	100%	–	Provision of property management services
Hunan Pilot Modern Landscaping Greening Company Limited 湖南省先導現代園林綠化有限公司(i)(ii)	the PRC	RMB10,000,000/ RMB10,000,000	100%	100%	–	Provision of landscaping and engineering services
Changsha Urban Lighting Operation and Development Co., Ltd. 長沙城市照明運營發展有限公司(i)(ii)	the PRC	RMB10,000,000/ RMB5,000,000	100%	100%	–	Provision of public facility management services
Changsha Chengfa Commercial Management Co., Ltd. 長沙城發商業管理有限公司(i)(ii)	the PRC	RMB20,000,000/ RMB20,000,000	100%	100%	–	Provision of commercial operation services
Changsha Chengfa Xingjia Apartment Operation and Management Co., Ltd. 長沙城發星家公寓運營管理有限公司(i)(ii)	the PRC	RMB10,000,000/ RMB500,000	100%	–	100%	Provision of apartment operation services
Changsha Chengtou Asset Operation Co., Ltd. 長沙城發資產經營有限責任公司(i)(ii)	the PRC	RMB5,000,000/ RMB5,000,000	100%	–	100%	Provision of commercial operation services
Changsha Parking Lot Investment Construction Operation Co., Ltd. 長沙市停車場投資建設經營有限公司(i)(ii)	the PRC	RMB6,000,000/ RMB6,000,000	100%	100%	–	Provision of parking lot leasing service
Guiyang Hongcheng Service Co., Ltd. 貴陽泓城服務有限公司(i)(ii)	the PRC	RMB10,000,000/ RMB1,020,000	51%	51%	–	Provision of property management services
Hunan Hollwin Security Service Co., Ltd. 湖南泓盈保安服務有限公司(i)(ii)	the PRC	RMB10,000,000/ RMB3,000,000	100%	100%	–	Provision of security services
Changsha Hollwin Yunda Property Service Group Co., Ltd. 長沙泓盈運達物業服務有限公司(i)(ii)	the PRC	RMB100,000/Nil	51%	51%	–	Provision of property management services

Notes:

- (i) The official name of this entity is in Chinese. The English translation of the name is for identification only.
- (ii) The entities are registered under the PRC law with limited liability.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

13 INVESTMENTS IN JOINT VENTURES

The following list contains a material joint venture of the Group and the Company, which is unlisted corporate entity whose quoted market price is not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of registered/paid-up capital	Proportion of ownership interest held by the Company		Principal activity
				2025	2024	
Pingxiang Huiheng Pilot Property Management Co., Ltd.* 萍鄉市匯恒先導物業管理有限公司 ("Pingxiang Huiheng")	Company with limited liability	the PRC	RMB8,000,000/ RMB2,400,000	55%	55%	Provision of property management services

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

Pursuant to the article of association of Pingxiang Huiheng, and the shareholders' agreements between the shareholders of Pingxiang Huiheng, unanimous consent from all shareholders is required for decisions about the relevant activities of Pingxiang Huiheng. Therefore, the Group and the other shareholder of Pingxiang Huiheng have joint control over Pingxiang Huiheng, and the Group recognises its investment in Pingxiang Huiheng as an investment in a joint venture.

Summarised financial information of Pingxiang Huiheng, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2025 RMB'000	2024 RMB'000
Current assets	16,950	23,467
Non-current assets	61	176
Current liabilities	(1,052)	(7,879)
Equity	15,959	15,764
Revenue	4,754	11,836
Profit from continuing operations	195	718
Profit and total comprehensive income	195	718
Reconciled to the Group's interest in the joint venture		
Gross amount of net assets of the joint venture	15,959	15,764
Group's effective interest	55%	55%
Group's share of net assets of the joint venture	8,777	8,671
Group's share of profits and total comprehensive income	106	395

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

13 INVESTMENTS IN JOINT VENTURES (Continued)

The following list contains joint ventures of the Group and the Company that are not individually material, which is unlisted corporate entities whose quoted market prices are not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of registered/paid-up capital	Proportion of ownership interest held by the Company		Principal activity
				2025	2024	
Changsha Wangcheng District New Hope Pilot Property Management Co., Ltd.* 長沙市望城區新希望先導物業管理有限責任公司 ("Wangcheng Property Management")	Company with limited liability	the PRC	RMB5,000,000/ RMB5,000,000	51%	51%	Provision of property management services
Huaihua Hecheng District Chengtou Property Management Co., Ltd.* 懷化市鶴城區城投物業管理有限公司 ("Huaihua Property Management")	Company with limited liability	the PRC	RMB10,000,000/ RMB3,000,000	51%	51%	Provision of property management services

* The official name of this entity is in Chinese. The English translation of the name is for identification only.

Aggregate information of joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated statement of financial position	7,115	5,964
Aggregate amounts of the Group's share of those joint ventures' profits less losses and net total comprehensive income	1,108	1,072

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENT IN AN ASSOCIATE

The following list contains an associate of the Group that is not individually material, which is an unlisted corporate entity whose quoted market prices is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of registered/paid-up capital	Proportion of ownership interest held by the Group		Principal activity
				2025	2024	
Changsha Chengyu Commercial Management Co., Ltd. 長沙市城寓商業管理有限公司 ("Chengyu")	Company with limited liability	the PRC	RMB18,000,000/ RMB18,000,000	40%	40%	Provision of apartment operation services

Summarised financial information of the associate, are disclosed below:

	2025 RMB'000	2024 RMB'000
Carrying amount of associate in the consolidated statement of financial position	7,763	10,736
Amounts of the Group's share of associate's (loss)/profit and total comprehensive income	(27)	369

15 INVENTORIES

	2025 RMB'000	2024 RMB'000
Consumables	4,866	3,680

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 RMB'000	2024 RMB'000
Arising from performance under lighting system operations services, municipal sanitation services and landscaping and engineering services contracts		
– related parties (Note 26(d))	153,103	162,870
– third parties	192,177	133,546
	345,280	296,416
Less: loss allowance on contract assets	(27,816)	(10,114)
	317,464	286,302

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Billings in advance of performance under property management services and landscaping and engineering services contracts		
– related parties (Note 26(d))	2,118	3,186
– third parties	20,968	20,392
	23,086	23,578

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance as 1 January	23,578	18,475
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(23,578)	(18,475)
Increase by cash received	23,086	23,578
Balance at 31 December	23,086	23,578

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

17 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables		
– related parties (Note 26(d))	68,707	49,377
– third parties	123,291	149,075
	191,998	198,452
Less: allowance for trade receivables	(26,763)	(33,025)
	165,235	165,427
Other receivables	11,532	9,177
Less: allowance for other receivables	(2,813)	(2,952)
Subtotal	8,719	6,225
Other amounts due from related parties (Note 26(d))	8,815	6,151
Bills receivable	391	204
Input value-added tax to be deducted	6,837	4,657
Prepayments	7,560	4,349
	197,557	187,013

Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables based on the date of relevant revenue recognised and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	134,251	123,907
1 to 2 years	24,108	39,116
Over 2 years	6,876	2,404
	165,235	165,427

Trade receivables are due when the receivables are recognised.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at banks	354,416	359,993
Less: restricted bank deposits (Note)	(1,163)	(5,325)
	353,253	354,668

Note: The restricted bank deposits are guarantee deposits for future settlement of salary to the migrant workers of the Group or its suppliers as required by relevant laws and regulations, and guarantee deposits for performance letters issued by banks to customers.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		99,187	95,114
Adjustments for:			
Depreciation and amortisation	5(d)	7,988	7,719
Amortisation of deferred income	21	(272)	(272)
Share of profits less losses of an associate and joint ventures		(1,187)	(1,836)
Finance costs		129	68
Finance income		(2,228)	(2,730)
Exchange loss		13	–
Loss/(gain) on disposal of property, plant and equipment	5(f)	119	(2)
Expected credit loss		11,301	9,706
Changes in working capital:			
(Increase)/decrease in inventories		(1,186)	472
Increase in prepayments, trade and other receivables and rental deposits		(5,468)	(94,291)
Increase in contract assets		(48,864)	(33,942)
Increase in trade and other payables		17,037	116,295
Decrease/(increase) in restricted bank deposits		4,162	(746)
(Decrease)/increase in contract liabilities		(492)	5,103
Cash generated from operation activities		80,239	100,658

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Amounts due to related parties RMB'000	Dividend payable RMB'000	Lease liabilities RMB'000 (Note 20)	Total RMB'000
At 1 January 2024	10,008	–	30	10,038
Changes from financing cash flows:				
Advances from related parties	3,183	–	–	3,183
Repayments of advances from related parties	(4,319)	–	–	(4,319)
Capital element of lease rentals paid	–	–	(669)	(669)
Interest element of lease rentals paid	–	–	(68)	(68)
Dividends paid to equity shareholders of the Company	–	(35,200)	–	(35,200)
Total changes from financing cash flows	(1,136)	(35,200)	(737)	(37,073)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	3,539	3,539
Interest expenses (Note 5(b))	–	–	68	68
Net off against trade receivables (Note 26(d))	(4,863)	–	–	(4,863)
Dividends declared during the year (Note 23(b))	–	35,200	–	35,200
Total other changes	(4,863)	35,200	3,607	33,944

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Amounts due to related parties RMB'000	Dividend payable RMB'000	Lease liabilities RMB'000 (Note 20)	Total RMB'000
At 31 December 2024 and 1 January 2025	4,009	–	2,900	6,909
Changes from financing cash flows:				
Advances from related parties	–	–	–	–
Repayments of advances from related parties	(3,518)	–	–	(3,518)
Capital element of lease rentals paid	–	–	(615)	(615)
Interest element of lease rentals paid	–	–	(129)	(129)
Dividends paid to equity shareholders of the Company	–	(36,813)	–	(36,813)
Total changes from financing cash flows	(3,518)	(36,813)	(744)	(41,075)
Other changes:				
Interest expenses (Note 5(b))	–	–	129	129
Exchange loss	–	13	–	13
Net off against trade receivables (Note 26(d))	(491)	–	–	(491)
Dividends declared during the year (Note 23(b))	–	36,800	–	36,800
Total other changes	(491)	36,813	129	36,451
At 31 December 2025	–	–	2,285	2,285

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	(15,541)	(9,553)
Within financing cash flows	(744)	(737)
	(16,285)	(10,290)

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

19 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables		
– related parties (Note 26(d))	25,243	28,844
– third parties	306,335	299,287
	331,578	328,131
Other amounts due to related parties (Note 26(d))	9,503	4,009
Accrued payroll and other benefits	37,170	29,384
Other taxes and charges payables	28,475	29,032
Deposits	66,449	63,576
Receipts on behalf of property owners and tenants	11,583	17,390
Other payables and accrued charges	7,120	8,480
	491,878	480,002

All trade and other payables (including amounts due to related parties) are interest-free, and are expected to be settled within one year or are repayable on demand.

As at the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	248,951	279,148
1 to 2 years	52,797	40,094
Over 2 years	29,830	8,889
	331,578	328,131

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

20 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

	2025		2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	578	677	761	891
After 1 year but within 2 years	524	595	578	677
After 2 years but within 5 years	1,183	1,235	1,561	1,684
	1,707	1,830	2,139	2,361
	2,285		2,900	
Less: total future interest expenses		(222)		(352)
Present value of lease liabilities		2,285		2,900

21 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Balance at 1 January	1,860	2,132
Amortisation for the year	(272)	(272)
Balance at 31 December	1,588	1,860

The Group received government grants for the acquisition of non-current assets. These grants are deferred over the useful lives of relevant assets. The amortisation amounts were recognised as "other net income" in the consolidated statement of profit or loss and other comprehensive income.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
The movement of Corporate Income Tax are as follows:		
At 1 January	13,690	11,471
Provision for PRC Income Tax for the year	27,794	26,521
PRC Income Tax paid	(26,686)	(24,302)
At 31 December	14,798	13,690

(b) Deferred tax assets and liabilities recognised:

(i) **Movement of each component of deferred tax assets and liabilities**

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unused tax losses RMB'000	Expected credit loss allowance RMB'000	Government grants RMB'000	Right-of-use assets RMB'000	Lease liabilities and others RMB'000	Total RMB'000
At 1 January 2024	595	9,095	533	(12)	24	10,235
Credited/(charged) to profit or loss	575	2,331	(68)	(717)	768	2,889
At 31 December 2024 and 1 January 2025	1,170	11,426	465	(729)	792	13,124
Credited/(charged) to profit or loss	319	2,860	(68)	168	(184)	3,095
At 31 December 2025	1,489	14,286	397	(561)	608	16,219

(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(p), the Group does not have any unrecognised deferred tax assets (2024: unrecognised deferred tax assets in respect of deductible temporary difference of RMB1,596,000).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024	120,000	19,802	5,938	24,850	170,590
Profit and total comprehensive income for the year	–	–	–	162,614	162,614
Issuance of shares by initial public offering	40,000	42,001	–	–	82,001
Special dividends declared	–	–	–	(35,200)	(35,200)
Appropriation for statutory surplus reserve	–	–	16,261	(16,261)	–
At 31 December 2024 and 1 January 2025	160,000	61,803	22,199	136,003	380,005
Profit and total comprehensive income for the year	–	–	–	5,517	5,517
Dividends approved in respect of the previous year	–	–	–	(36,800)	(36,800)
Appropriation for statutory surplus reserve	–	–	552	(552)	–
At 31 December 2025	160,000	61,803	22,751	104,168	348,722

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2025 RMB'000	2024 RMB'000
Special dividend declared and paid of RMB0.22 per ordinary share	–	35,200
Final dividend proposed after the end of the reporting period of RMB0.24 per ordinary share (2024: RMB0.23)	38,400	36,800
	38,400	72,000

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends (Continued)

(i) Dividends payable to equity shareholders of the Company attributable to the year (Continued)

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the year

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.23 per share (2024: nil)	36,800	—

(c) Share capital and share premium

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000
Ordinary shares issued and fully paid			
At 1 January 2024	120,000,000	120,000	—
Share issued by initial public offering (Note)	40,000,000	40,000	42,001
At 31 December 2024, 1 January 2025 and 31 December 2025	160,000,000	160,000	42,001

Note: 40,000,000 ordinary shares of par value of RMB1.00 each were issued at a price of HK\$3.2 per ordinary share upon the listing of the shares of the Company on the Stock Exchange. The proceeds of RMB40,000,000 (equivalent to approximately HK\$43,929,000), representing the par value, were credited to the Company's share capital. The remaining proceeds, net of share issuance costs, of approximately RMB42,001,000 were credited to the Company's share premium account.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purposes of reserves

Statutory surplus reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

For the year ended 31 December 2025, appropriation to statutory surplus reserve made by the Company's subsidiaries amounting to RMB5,006,000 (2024 RMB3,445,000) was included in the consolidated retained profits attributable to equity shareholders of the Company. As at 31 December 2025, the statutory surplus reserve balance of the Company's subsidiaries amounting to RMB29,307,000 (2024: RMB24,301,000) was included in the balance of the consolidated retained profits attributable to equity shareholders of the Company.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. No significant interest rate risk and currency risk arises in the normal course of the Group's business during the reporting period.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and restricted bank deposits are limited because the counterparties are banks, financial institutions with a high credit standing assigned by external rating agency, for which the Group considers having low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement record, past experience and supportive forward-looking information. As at 31 December 2025, loss allowance of RMB2,813,000 (2024: RMB2,952,000) was recognised in respect of other receivables based on the Group's assessment.

To measure the ECLs, trade receivables and contract assets have been assessed on individual basis or on customer groups based on shared credit risk characteristics and the days past due. The historical loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over 3 years period before the reporting period ends and the corresponding historical credit losses experienced within these periods. 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 Group exposes to concentration of credit risk from individual customers. As at 31 December 2025, 40.1% (2024: 39.0%) of the total trade receivables and contract assets were due from the Group's largest customer, CSUD Group. And as at 31 December 2025, 64.7% (2024: 69.1%) of the total trade receivables and contract assets were due from the Group's five largest customers.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2025 and 2024:

		2025	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
On individual basis	100.0%	10,054	(10,054)
On customer group			
– Related parties	0.1%	221,809	(222)
– Third parties			
Within 1 year	6.8%	223,263	(15,277)
1–2 years	24.8%	70,617	(17,491)
Over 2 years	100.0%	11,535	(11,535)
		537,278	(54,579)
		2024	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
On individual basis	100.0%	9,931	(9,931)
On customer group			
– Related parties	0.1%	212,248	(212)
– Third parties			
Within 1 year	4.7%	208,326	(9,711)
1–2 years	28.8%	57,719	(16,641)
Over 2 years	100.0%	6,644	(6,644)
		494,868	(43,139)

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(a) Credit risk (Continued)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Trade receivables and contract assets from third parties usually have higher expected loss rates. As at 31 December 2025, trade receivables and contract assets from third parties accounted for 58.7% (2024: 57.1%) of the total trade receivables. Loss allowances are calculated based on the ECL rates and reflected the increase in trade receivables from third parties during the reporting period.

(b) Liquidity risk

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2025				Carrying amount at 31 Dec RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Trade and other payables	419,113	–	–	419,113	419,113
Lease liabilities	677	595	1,235	2,507	2,285
	419,790	595	1,235	421,620	421,398

	2024				Carrying amount at 31 Dec RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Trade and other payables	413,106	–	–	413,106	413,106
Lease liabilities	891	677	1,684	3,252	2,900
	413,997	677	1,684	416,358	416,006

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

(c) Fair value measurement

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

25 COMMITMENTS

Commitments outstanding not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for	6,519	6,562

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The Group entered into material related party transactions with CSUD Group and associates of CSUD Group.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	4,702	5,426
Post-employment benefits	641	642
	5,343	6,068

Total remuneration is included in "staff costs" (see Note 5(c)).

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Related party transactions

The Group entered into the following material related party transactions:

	2025 RMB'000	2024 RMB'000
Service provided to related parties		
– CSUD Group	246,034	251,925
– Associates of CSUD Group	11,201	14,351
	257,235	266,276
Purchase from related parties		
– CSUD Group	18,166	13,440
– Associates of CSUD Group	8,920	13,753
	27,086	27,193
Short-term leases payment paid or payable to the CSUD Group	547	112
Variable lease payment paid or payable to the CSUD Group	11,342	14,330
	11,889	14,442
Additions of right-of-use assets		
– CSUD Group	77	416

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties

	2025 RMB'000	2024 RMB'000
Trade receivables (Note 17)		
– CSUD Group	65,366	45,986
– Associates of CSUD Group	3,341	3,391
	68,707	49,377
Contract assets (Note 16(a))		
– CSUD Group	149,950	158,312
– Associates of CSUD Group	3,153	4,558
	153,103	162,870
Other receivables (Note 17)		
– CSUD Group	8,771	6,006
– Associates of CSUD Group	44	145
	8,815	6,151
Rental deposits		
– CSUD Group	1,814	842

Note: Other receivables due from CSUD Group and its associates are advance payments for maintenance and deposits. These amounts are trade in nature, interest-free and repayment on demand.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties (Continued)

	2025 RMB'000	2024 RMB'000
Trade payables (Note 19)		
– CSUD Group	18,261	20,737
– Associates of CSUD Group	3,053	4,123
– Pingxiang Huiheng	3,929	3,929
– Huaihua Property Management	–	55
	25,243	28,844
Contract liabilities (Note 16(b))		
– CSUD Group	2,118	3,186
Lease liabilities		
– CSUD Group	–	213
Other payables (Note 19)		
– CSUD Group	9,275	3,419
– Associates of CSUD Group	96	502
– Huaihua Property Management	132	88
	9,503	4,009

Note: For the year ended 31 December 2025, amounts due to related parties with non-trade in nature amounting to RMB491,000 (2024: RMB4,863,000) have been offset against amounts due from related parties with trade in nature through offsetting agreement between these relevant related parties and the Group.

Other payables due to related parties are interest-free and repayable on demand.

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		16,367	8,853
Intangible assets		3,852	–
Investments in joint ventures		15,892	14,635
Investments in subsidiaries	12	91,906	88,906
Deferred tax assets		8,555	5,530
Prepayments for acquisition of non-current assets		–	2,890
		136,572	120,814
Current assets			
Inventories		835	1,015
Contract assets		75,737	64,524
Prepayments, trade and other receivables		245,459	209,408
Cash and cash equivalents		134,720	170,355
		456,751	445,302
Current liabilities			
Trade and other payables		233,880	173,112
Contract liabilities		6,837	8,923
Lease liabilities		–	213
Current taxation		2,296	2,003
		243,013	184,251
Net current assets		213,738	261,051
Total assets less current liabilities		350,310	381,865
Non-current liability			
Deferred income		1,588	1,860
		1,588	1,860
NET ASSETS		348,722	380,005
CAPITAL AND RESERVES	23(a)		
Share capital		160,000	160,000
Reserves		188,722	220,005
TOTAL EQUITY		348,722	380,005

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the board of the directors proposed a final dividend. Further details are disclosed in Note 23(b).

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the Directors consider the immediate parent of the Company to be Changsha Urban Development Group Co., Ltd., which is established in the PRC, and the ultimate controlling party of the Company to be State-owned Assets Supervision and Administration Commission of Changsha Municipal People's Government.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments</i> : <i>disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments</i> : <i>disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

XIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

(Continued)

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1, Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.