



Fineland Living Services Group Limited
方圓生活服務集團有限公司

(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

ANNUAL REPORT
<2025>

THINK

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. FONG Ming

(re-designated as an executive Director on 17 March 2025)

Mr. SUN Ligong *(appointed on 17 March 2025)*

Mr. HAN Shuguang

Ms. TSE Lai Wa

Independent Non-executive Directors

Mr. LEUNG Wai Hung

Mr. DU Chenhua

Mr. TIAN Qiusheng

Company secretary

Ms. CHAN Charmayne

Audit committee

Mr. LEUNG Wai Hung (Chairman)

Mr. TIAN Qiusheng

Mr. DU Chenhua

Remuneration committee

Mr. TIAN Qiusheng (Chairman)

Mr. LEUNG Wai Hung

Mr. HAN Shuguang

Nomination committee

Mr. FONG Ming (Chairman)

Mr. LEUNG Wai Hung

Mr. TIAN Qiusheng

Ms. TSE Lai Wa *(appointed on 28 August 2025)*

Mr. DU Chenhua *(appointed on 28 August 2025)*

Authorized representatives

Ms. CHAN Charmayne

Mr. HAN Shuguang

Legal advisers

As to Hong Kong Laws

Hogan Lovells

Auditor

KTC Partners CPA Limited

Registered Public Interest Entity Auditor

Principal bankers

Industrial Bank Company Limited, Guangzhou
Tianhe branch

Agricultural Bank of China, Guangzhou Yi'an branch

Shanghai Pudong Development Bank, Guangzhou
branch

Registered office

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Headquarters in the PRC

No. 28 Tiyu East Road

Tianhe District

Guangzhou

PRC

Principal place of business in Hong Kong

Unit B, 17/F., United Centre

95 Queensway, Admiralty

Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services
Limited

Shops 1712-1716, 17/F., Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

Principal share registrar and transfer office

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Company's website address

www.finelandassets.com

CHAIRMAN'S STATEMENT

Market and Industry

2025 marked a year of significant transformation for the property management sector. According to the "2025 China Real Estate Service Brand Value Research Report" published by the China Index Academy, the industry is transitioning from an incremental market to a stock market, with high-quality development emerging as its defining feature. As the sector moves beyond the era of scale-driven growth that relied on incremental expansion, it has entered a new phase dominated by stock assets. This structural shift has fundamentally reshaped market dynamics, with competition shifting from a focus on market share acquisition to a greater emphasis on service quality and operational excellence.

Growth continued to moderate in 2025. Leading national property service brands recorded average year-on-year growth of 6.18% in gross floor area ("GFA") under management and 4.84% in operating revenue. Data from the China Index Academy indicates that revenue growth for listed property companies has declined from over 40% in 2021 to less than 4% in 2025, while growth in GFA under management has slowed to approximately 3%. These figures underscore a fundamental pivot from prioritizing scale to prioritizing quality and efficiency across the sector.

Pressure on profit margins persisted throughout the year. In 2025, property service brands recorded an average gross profit margin of 21.05%, representing a year-on-year decline of 2.46%, while average net profit margin stood at 3.23%, down 2.19% year-on-year. The persistent trend of revenue expansion without commensurate profit growth remains a common challenge confronting market participants.

The policy landscape continued to balance regulation with strategic support. In July 2025, the Central Urban Work Conference elevated property management to the forefront of urban governance, marking the sector's transition from a peripheral participant to a core force in urban management. In August, the "Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting High-Quality Urban Development" positioned property management at the heart of the national urban development strategy. The Ministry of Housing and Urban-Rural Development has articulated the "good housing, good service" philosophy, emphasizing that "those who provide good service will gain market recognition, achieve development, and secure their future." These policy directions provide strong institutional support for high-quality development across the sector.

The industry has also encountered challenges relating to property management fee adjustments. Since 2024, waves of fee reductions have emerged across multiple cities following the introduction of property fee capping policies and regulations concerning vacant property fee collection. Against this backdrop, demand for value-based pricing has intensified, with itemized services and flexible pricing models becoming key focal points for market participants.

Operation Review and Annual Results

Navigating in a complex industry environment, the Company remained committed to its operational philosophy of upholding integrity and innovation while empowering growth through synergy and collaboration. Throughout the year, we advanced various initiatives with focus and determination to reinforce our market position and operational resilience.

At the strategic level, the Company sustained its long-term strategic orientation, prioritizing reputation building through service quality as the foundation for market expansion. We continued to implement tiered project management to optimize our portfolio composition and enhance operational efficiency. Resources were strategically allocated to projects aligned with our core development objectives, while underperforming projects were systematically reviewed and addressed to ensure optimal resource utilization.

CHAIRMAN'S STATEMENT

In receivables management, the Company strengthened its control framework and refined collection mechanisms to safeguard cash flow. For single-owner projects, we adhered strictly to commercial principles and implemented timely responsive measures when payment obligations were not met, thereby protecting the Company's legitimate rights and interests.

The Company advanced comprehensive talent assessment initiatives, recruited qualified professionals, strengthened performance management systems, and optimized administrative expenditures, resulting in continuous improvement in organizational effectiveness. Our employee training programs and practical development frameworks were further refined to provide robust talent support for sustainable business growth.

Service quality remains the cornerstone of the Company's operations. Throughout 2025, we intensified daily supervision of project quality, advanced targeted initiatives for service enhancement, and established benchmark demonstration projects. A variety of community engagement activities were organized throughout the year, strengthening communication and interaction with residents. Customer request response and completion rates remained at commendable levels, with customer satisfaction demonstrating consistent improvement and service reputation steadily consolidating in the market place.

The Company leveraged its centralized procurement advantages, optimized supplier management, and refined tendering and procurement processes to achieve effective control over procurement costs. These measures contributed to enhanced operational efficiency and improved profitability.

In 2025, the Group's total revenue was approximately RMB350.8 million for the year ended 31 December 2025, representing a decrease of approximately 5.0%, from RMB369.1 million for the year ended 31 December 2024. This was mainly due to the decline in revenue generated from property management services.

Future Outlook

As we look to the year ahead, the property management sector stands at a pivotal juncture—shaped by intensifying policy reforms, accelerating technology adoption, and a fundamental reorientation toward quality-driven growth. According to the China Index Academy, the first two months of 2026 saw leading property enterprises collectively add approximately 123.0 million square meters of new contracted area, with frontrunners expanding aggressively into independent third-party markets. This early momentum signals a continued shift: scale remains relevant, but it is increasingly pursued with discipline, selectivity, and an eye toward long-term value.

The policy landscape entering 2026 is perhaps the most significant in recent years, with regulatory changes that will fundamentally reshape operational fundamentals. A new VAT rule now requires property enterprises to declare and pay taxes on prepaid fees upon receipt, necessitating a fundamental overhaul of financial management systems. Revised standards for special maintenance funds mandate standardized data protocols and full-process digital oversight, creating a unified national infrastructure that will streamline approvals and enhance transparency. The newly promulgated Water Supply Ordinance relieves property management companies from long-standing maintenance responsibilities for shared facilities, transferring ownership to specialized water supply units and allowing enterprises to focus on core competencies. Together, these reforms serve to professionalize the sector and clarify accountability across the value chain.

CHAIRMAN'S STATEMENT

Technology is no longer an adjunct to property management but its central nervous system. The National Development and Reform Commission has outlined an ambitious blueprint for AI-powered procurement, mandating full-scale implementation of intelligent bidding and compliance review systems by 2027. This elevates digital literacy from an operational advantage to a competitive necessity. Leading firms are embedding AI into everyday operations: intelligent patrol systems that automatically classify issues and assign tasks, AI-powered customer service bots handling routine inquiries, and digital employees processing repetitive workflows. The enterprises that thrive in the future will be those that successfully translate technological promise into practical, daily solutions—moving from experimentation to embedded capability.

Property enterprises are shedding the narrow identity of residential caretakers and repositioning themselves as comprehensive urban service providers. The Ministry of Housing and Urban-Rural Development has designated 2026 as the year to implement property service quality improvement actions, encouraging exploration of integrated models that merge property management seamlessly with community life and urban governance. Major players are aggressively diversifying into municipal sanitation, healthcare facilities, educational institutions, government buildings, and industrial parks. Urban service contracts are growing in both scale and sophistication, signaling a profound shift: property enterprises are becoming active partners in urban governance, tasked with enhancing efficiency and improving citizen experience across entire districts.

In response to these evolving trends, the Company will build its core competitiveness through the "Three Dimensions, Six Orientations" framework, a strategy rooted in community self-governance and reinforced by professional service capabilities. On the service dimension, we will strengthen foundations through standardization and intelligentization, driving the productization of foundational services to ensure clarity and consistency while accelerating digital optimization to enhance efficiency and customer experience. On the management dimension, we aim to stabilize operations through greater refinement and transparency, establishing a closed-loop system that encompasses responsibilities, processes, costs, and evaluation while promoting transparent partnerships and rigorous compliance. On the development dimension, we will broaden horizons through integration and profitability, advancing resource consolidation and organizational synergy while ensuring that external growth remains firmly oriented toward sustainable value creation.

Throughout this journey, the Company will adhere steadfastly to principles of prudent and sustainable growth. We will pursue profitability over scale, strength over size, and stability over speed. All business activities will be conducted in full compliance with regulatory requirements, aligned with genuine market demand and worthy of social trust. Transparent governance will remain a non-negotiable cornerstone, with safety prioritized first, liquidity second, and profitability third.

Guided by our operational philosophy of upholding integrity and innovation while empowering growth through synergy and collaboration, we are committed to building reputation through quality and capturing market share through reputation. In doing so, we aim to create sustainable value for Shareholders, provide platforms for employees to thrive, and contribute meaningfully to the communities we serve.

Acknowledgement

On behalf of the Board, I would like to extend our heartfelt gratitude to my fellow Board members, the management and all the staff members for everyone's dedication over the past year. I also would like to express my sincere thanks to our shareholders, customers, and business partners for your trust and support. We will spare no effort in striving for the Group's long-term development and create greater value for shareholders.

Fong Ming

Chairman

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the Group operated within a macroeconomic environment that continued to present both challenges and opportunities for the real estate and property management sectors. Amidst these evolving market conditions, the Company adhered to its refined strategic roadmap, prioritizing steady growth and operational resilience. Over the past years, the Company has proactively optimized its business structure to further concentrate on its core competency: the development of property management services and their complementary value-added services. As part of this strategic realignment, the Company has gradually reallocated resources to consolidate and strengthen its presence in the property management sector, which has unequivocally become the principal driver of the Group's revenue stream.

In response to the dynamic market landscape, the Group has maintained focus on service quality and customer satisfaction. The Company believes that a steadfast commitment to high-quality service delivery is the most effective strategy for navigating market cycles and retaining value. Looking ahead to 2026, the Group remains committed to its strategy of steady and sustainable growth. The Group will actively address prevailing market challenges while diligently seizing new opportunities within the property management industry. Through prudent resource allocation and continuous service enhancement, we will continue to deliver high-quality services to our customers and create greater value for shareholders of the Company.

The Group's total revenue amounted to approximately RMB350.8 million for the year ended 31 December 2025, representing a decrease of approximately 5.0%, from RMB369.1 million in the corresponding period of 2024, which was mainly due to the decline in revenue generated from property management services.

Comprehensive Real Estate Agency Services Segment

Revenue recorded from real estate agency services was approximately RMB0.7 million for the year ended 31 December 2025, representing a decrease of 89.4% from RMB6.8 million for the year ended 31 December 2024.

The dramatic decrease is a direct result of the Company's strategic decision to systematically scale down this segment over the past years. In alignment with our broader corporate realignment, operations were progressively wound down, with the remaining activities effectively paused during the current fiscal year. Consequently, this segment has contributed minimal revenue.

Professional Property Management Services Segment

Property management services segment consists of (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services. Revenue recorded from professional property management services segment was approximately RMB350.0 million for the year ended 31 December 2025, representing a decrease of 3.4%, from approximately RMB362.3 million for the year ended 31 December 2024, which was mainly due to the decrease of approximately RMB4.3 million from value-added services to non-property owners and the decrease of approximately RMB7.4 million from community value-added services.

Property Management Services

Property management services are mainly for real estate developers and property owners. Services provided include standard property management services and ancillary services such as cleaning, gardening, security, repair and maintenance and butler services. The Group provides services for residential and non-residential properties, including public facilities, office buildings, industry parks, schools, etc. Revenue recorded for property management services was approximately RMB303.0 million for the year ended 31 December 2025, representing a decrease of 0.2% from approximately RMB303.7 million for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted GFA as at 31 December 2025 is approximately 17.5 million square meters, representing a decrease of 6.4% compared with approximately 18.7 million square meters as at 31 December 2024, and GFA under management was approximately 14.3 million square meters (“**sqm**”), representing a decrease of 5.3% compared with approximately 15.1 million sqm as at 31 December 2024.

Value-added Services to non-property Owners

Value-added services to non-property owners are mainly for real estate developers. Services include cleaning, security and maintenance services for pre-sale display units and sales offices, etc. Revenue recorded for value-added services to non-property owners was approximately RMB8.8 million for the year ended 31 December 2025, representing a decrease of 32.6% from RMB13.1 million for the year ended 31 December 2024. This was mainly due to ongoing operational challenges faced by real estate developers, which reduced demand for related services. In addition, the Group strategically scaled back its exposure to this segment in light of market conditions and risk management considerations.

Community Value-added Services

Community value-added services include common area value-added services, community retail, community media, furnishing services, and other community convenience services to property owners. Revenue recorded for community value-added services was approximately RMB38.2 million for the year ended 31 December 2025, representing a decrease of 16.2% from approximately RMB45.5 million for the year ended 31 December 2024. This was mainly due to the decrease in GFA under management and the demand for such services from the property owners.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2025 was approximately RMB350.8 million, representing a decrease of approximately RMB18.3 million or 5.0% as compared to RMB369.1 million for the year ended 31 December 2024. Such decrease was primarily attributable to the decrease in revenue generated from professional property management services of approximately RMB12.3 million and revenue generated from real estate agency services of approximately RMB6.0 million.

Cost of Services

For the year ended 31 December 2025, the cost of services of the Group amounted to approximately RMB291.3 million, representing a decrease of approximately 6.0% as compared to RMB309.8 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in GFA under management and numbers of frontline employees in property management segment.

Selling and Marketing Expenses

For the year ended 31 December 2025, the selling and marketing expenses of the Group were approximately RMB0.6 million, representing an increase of approximately RMB0.4 million as compared to approximately RMB0.2 million for the year ended 31 December 2024, which was primarily attributable to the upgrade of brand identity systems for several projects and related marketing activities, aimed at enhancing brand recognition and influence.

Administrative Expenses

For the year ended 31 December 2025, the administrative expenses of the Group were approximately RMB40.3 million, representing a decrease of approximately 15.2% as compared to approximately RMB47.5 million for the year ended 31 December 2024. Such decrease was primarily due to the decrease in the number of staff in general administration and the Company's enduring cost control measures.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income, Losses and Gains

For the year ended 31 December 2025, the Group recorded gains of approximately RMB5.0 million, as compared to losses of approximately RMB1.8 million for the year ended 31 December 2024. This was mainly due to (i) the decrease of fair value loss on derecognition of contingent consideration receivable of approximately RMB3.9 million, and (ii) gains arising from disposal and deregistration of subsidiaries of approximately RMB4.6 million, which was partially offset by the exchange loss.

Net Impairment Losses on Financial Assets

Reasons for the Recognition of the Impairment

For the year ended 31 December 2025, the net impairment losses on financial assets of the Group were approximately RMB66.6 million, representing a decrease of approximately 26.0% as compared to approximately RMB90.1 million for the year ended 31 December 2024. The net impairment losses on financial assets were primarily attributed to the provision for impairment loss on trade receivables and related party receivables of approximately RMB27.4 million and RMB30.5 million, respectively, which were mainly due to (i) the continued downward movement in the real estate industry and challenging economic conditions; and (ii) recovery of trade receivables and amounts due from related parties continued to be slow. Specifically, (i) there was a significant increase in trade receivables related to property management services that were overdue for three or more years as at 31 December 2025; (ii) our related companies/former fellow subsidiaries have recorded a relatively low debt service coverage ratio, as reflected in their consolidated financial statement for the six months ended 30 June 2025; and (iii) we recorded a relatively low repayment rate from our related parties. In light of these factors and out of prudent financial management, the Group has made corresponding impairment provisions.

Assessment of the ECL Allowance

The Company has engaged an independent professional valuer, Cushman & Wakefield Limited¹, to assist with the assessment of the expected credit losses ("ECL") allowance for trade receivables and related party receivables. The independent valuer adopted the expected credit loss model to estimate the lifetime expected credit loss of the financial instruments (i.e., the Group's trade receivables and related party receivables) in accordance with HKFRS 9. For the Group's trade receivables and related party receivables without expected repayment schedule, the expected credit loss rate is estimated based on the corporate default rate, loss given default and forward-looking adjustments. For the Group's trade receivables and related party receivables with expected repayment schedule, the expected credit loss is estimated based on the discounted repayment cash flow. The same valuation method had been consistently applied on the assessment of ECL allowance for the impairment losses on financial assets as at 31 December 2025. As at the date of this annual report, there have been no subsequent changes to the valuation method used. As at 31 December 2025, there was no significant change in the default rate inputs and the expected loss rate of the Group's amounts due from related companies that are in real estate sector compared to those as at 31 December 2024.

Set out below are the default rate inputs and expected loss rate of the Group's related party receivables as at 31 December 2025 and 31 December 2024 based on the valuation report issued by the independent professional valuer:

¹ Cushman & Wakefield Limited is an international valuation advisory firm that has provided valuation services to many listed companies for their financial reporting purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

	As at 31 December 2025		As at 31 December 2024	
	Loss given default	Expected loss rate	Loss given default	Expected loss rate
Related Companies/former fellow subsidiaries				
Non-pledged	88%	88%-94%	80%-81%	81%-94%
Deposit for acquisition of properties				
Non-pledged (2024: Pledged)	80%-88%	32%-88%	-	0.27%
Related companies				
Non-pledged	88%	88%	64%-80%	25%-94%

The assumptions made in such valuation included the following: (i) according to the Company's policy, trade receivables for real estate agency services overdue for two or more years and for property management services over three years are assumed to be treated as 100% provisions; (ii) due to a significant increase in the credit risk of the related parties since 2023, certain related party receivables except non-controlling interest receivables, have been classified as credit-impaired; (iii) there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the operation of the Company; and (iv) the information provided by the management of the Company is true and accurate.

For details of the assessment and valuation of the ECL allowance, please refer to Notes 4(g)(ii) and 33(a) of the notes to the financial statements.

Measures taken by the Group to Recover the Outstanding Receivables

In efforts to recover the Company's trade receivables and amounts due from related parties (including the Outstanding Earnest Money Balance), the Group has regularly and consistently requested payments through oral communications and electronic means, organized physical meetings with debtors to address and resolve outstanding receivables, and issued formal letters and legal demand letters to debtors.

Additionally, during 2023, the Group entered into settlement transactions to offset certain amounts of receivables with properties to immediately reduce exposure to credit risks. For details, please refer to the paragraphs headed "Continuing Connected transactions" on pages 40 and 42 of the 2023 Annual Report and the paragraphs headed "Outstanding Earnest Money Balance" on page 43 of this annual report.

Furthermore, the Group initiated a civil legal proceeding against Guangzhou Fangyuan Huijin Real Estate Development Limited* (廣州方圓匯金房地產發展有限公司) ("Fangyuan Huijin"), a company ultimately non-wholly owned by Mr. Fong Ming, regarding the Outstanding Earnest Money Balance of approximately RMB14.2 million in March 2024, which was later amended to approximately RMB13.1 million. On 23 October 2024 and 20 March 2025, the Company has secured a favorable judgment and an enforcement order, respectively. The court has proceeded with compulsory enforcement actions against Fangyuan Huijin to fulfill its obligations under the judgement, and is currently enforcing the judgment through judicial auction. Certain properties have been sold, but the Company has not yet received the proceeds as at the date of this annual report.

As at the date of this annual report, the Company is still communicating and negotiating with the relevant debtors to recover the remaining balance of the outstanding receivables. The Company has taken, and will continue to take, legal actions to recover its outstanding receivables where necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Assessment on the Credit Risks of the Counterparties involved

Before conducting business with a new client, the Company would consider the nature of the entity involved (private or state-owned), the size and scope of its operations, its historical financial stability and credit track record. Furthermore, the Company would also take into account the broader economic landscape and industry trends to gauge the overall credit risk associated with conducting business with such client. The Company will then conduct periodical review of the overall credit risk of such client based on the aforementioned criteria.

The Company has disclosed in Note 33(a) of the notes to the financial statements, the details of the Group's policies for assessing the credit risk during the monitoring of the receivables collection. Specifically, the Group had performed historical analysis and identified the key economic variables impacting credit risk and ECLs, taking into account reasonable and supporting information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, such as (i) internal credit rating; (ii) external credit rating; (iii) actual expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations; (iv) actual or expected significant changes in the operating results of individual property owner or the debtor; (v) significant increases in credit risk on other financial instruments of the individual property owner or the debtor; and (vi) significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

Net Impairment Losses on Goodwill

During the year ended 31 December 2025, the Group recorded an impairment of goodwill of approximately RMB11.9 million, which was primarily due to the fact that the business of some of the subsidiaries acquired in previous years did not have an anticipated growth, resulting in a decrease in its revenue and profit and a lower expectation of future growth. As at 31 December 2025, the Group's goodwill was RMB27.9 million after the aforesaid impairment, representing a decrease of 29.9% as compared with RMB39.8 million as at 31 December 2024. A valuation has been conducted by an independent professional valuer, Cushman & Wakefield Limited, in relation to the impairment assessment.

Net Profit Margin

The net profit margin narrowed to -20.4% for the year ended 31 December 2025 as compared to -21.5% for the year ended 31 December 2024. This improvement was mainly due to the decrease of the impairment losses recognized of approximately RMB23.5 million and administration expenses of approximately RMB7.2 million, which was partially offset by the increase of income tax of approximately RMB26.5 million.

Loss for the Year

As a result of the factors discussed above, the Group made a net loss for the year ended 31 December 2025 of approximately RMB71.5 million, narrowed from approximately RMB79.3 million for the year ended 31 December 2024.

Equity Attributable to Owners of the Company

Despite the narrowed net loss for the year ended 31 December 2025 as compared to the year ended 31 December 2024, the remaining loss was still considerable. As a result, the total equity was approximately RMB6.4 million, with equity attributable to owners of the Company was negative at RMB20.5 million as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Properties

As at 31 December 2025, the Group's investment properties consisted of eight car parking spaces (2024: five), eleven shops (2024: eleven) and one residential property (2024: Nil), which was mainly due to the settlement transactions entered into by the Company on 6 December 2023 to set-off outstanding receivables owed to the Group by Guangzhou Fineland Real Estate Development Limited* (廣州市方圓房地產發展有限公司)'s subsidiaries and Guangzhou Zengcheng Fangyuan Mingsheng Real Estate Limited* (廣州市增城區方圓明盛房地產有限公司). For details of the settlement transactions, please refer to the announcement of the Company dated 6 December 2023 and the circular of the Company dated 22 December 2023. As at 31 December 2025, the Group's investment properties amounted to approximately RMB14.2 million, close to the fair value of investment properties as at 31 December 2024, with a decrease of 0.2%. The decrease was mainly due to the fair value loss of approximately RMB0.9 million, which was partially offset by approximately RMB0.8 million in efforts to collect trade receivables.

Set out below are the details of the investment properties.

Property	Existing use	GFA sqm	Market Value RMB'000
Car Parking Spaces No. 1189, 1190, 1257, 1275和1276 on Basement Level 2, Fangyuan Xinhui Moon Island Mansion (方圓·新會月島首府) No. 9 Huikang Road, Huicheng, Xinhui District, Jiangmen, Guangdong Province, the PRC 529100	Car park - vacant	146.10	540
Shops Nos. 17, 19 and 23, Fangyuan Zengcheng Yunxi (Guangzhou) (方圓·廣州增城雲壘), West Fourth Street, Shitan Town, Zengcheng District, Guangzhou, Guangdong Province, the PRC 511340	Shop ¹ - vacant	108.33	1,842 ²
Shop No. 37, Shilifangyuan Jiuzhang (十里方圓九章), Shaping Street, Heshan, Jiangmen, Guangdong Province, the PRC 529700	Shop - short term lease	40.16	398
Shops Nos. 102, 103, 104, 105, 106, 208 and 209, Block 32, Yunshan Poetry Garden I (雲山詩意花園一期), No. 268 South Tiyu Road, Chikan District, Zhanjiang, Guangdong Province, the PRC 524033	Shop - vacant	631.25	10,690
Car Parking Spaces No. 1397, 1412 and 1413 on Basement Level 1, Heshan Times King City (鶴山時代傾城花園) Shaping Street, Heshan, Jiangmen, Guangdong Province, the PRC 529700	Car park - vacant	58.40	210
Unit 3004, No.4 Tianjing, YinYe Yanshan City (銀業雁山城) Shaping Street, Heshan, Jiangmen, Guangdong Province, the PRC 529700	Residential - vacant	91.32	502
Total		1,075.56	14,182

Notes:

1. Shop No. 19 with a fair value of RMB613,000 as at 31 December 2025, was frozen by the relevant regulatory authorities on 20 October 2025 for auction or sale due to the Group's loss in a labor arbitration case.
2. After adding the value of shop No. 19.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

In 2025 and 2024, the Group's main source of funds was cash generated from operating activities.

As at 31 December 2025, the Group had net current liabilities of approximately RMB61.4 million (as at 31 December 2024: approximately RMB28.0 million), total assets of approximately RMB299.9 million (as at 31 December 2024: approximately RMB366.7 million) and negative equity attributable to owners of the Company of approximately RMB20.5 million (as at 31 December 2024: positive equity attributable to owners of approximately RMB34.1 million).

As at 31 December 2025, the total bank balances and cash (restricted bank balances: approximately RMB1.4 million) of the Group amounted to approximately RMB70.6 million (as at 31 December 2024: approximately RMB66.6 million).

Trade Receivables and Related Party Receivables

Trade receivables and related party receivables are mainly receivables attributable to the provision of the Group's property management services, real estate agency services and earnest money paid to the property developers to entitle to an exclusive agency right to sell properties in the primary market projects during an agreed period. Trade receivables, amounts due from related companies/former fellow subsidiaries and amounts due from related companies decreased, from approximately RMB84.0 million, RMB16.9 million and RMB21.4 million, respectively, as at 31 December 2024 to approximately RMB76.8 million, RMB12.6 million and RMB12.1 million, respectively, as at 31 December 2025, which are primarily due to the decrease in revenue generated, effective measures taken to collect receivables, and continued provision of impairment losses in light of the current market environment.

Indebtedness

As at 31 December 2025, the Group did not have any short-term borrowings (as at 31 December 2024: Nil), nor long term borrowings (as at 31 December 2024: Nil).

Foreign Exchange Risk

As the Group's sales are denominated in Renminbi, the Group's purchases and expenses are either denominated in Renminbi or Hong Kong dollars, and there are no significant foreign currency borrowings, the Group's currency fluctuation risk is considered insignificant. The Group currently does not have a foreign currency hedging policy. The management continuously monitors the foreign exchange risk exposure and will consider hedging significant currency risk exposure should the need arise.

Interest Rate Risk

The Group considers that its exposure to interest rate risk is insignificant in the absence of interest-bearing financial liabilities with contractual period exceeding one year.

Gearing Ratio

The gearing ratio (calculated as total liabilities divided by total assets) was 98% as at 31 December 2025, as compared to 77% as at 31 December 2024.

Employees and the Group's Remuneration Policy

As at 31 December 2025, the Group had a total of 1,437 staff (2024: 1,632 staff).

For details of total employee benefits and directors' emoluments of the Group, please refer to notes 10 and 11 to the financial statements.

For the details of share option scheme, please refer to "Share Option Scheme" of the Directors' Report of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The remuneration policies of the Group are formulated based on the Group's operating results, employees' individual performance, working experience, respective responsibility, merit, qualifications and competence, as well as comparable market statistics and state policies. The emolument policies of the Group are reviewed by the management of the Group regularly.

The Company's policies concerning emoluments of Directors are generally that (i) the amount of emoluments is determined on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Company; and (ii) non-cash benefits may be provided to the Directors under their remuneration package.

Significant Investments

For the year ended 31 December 2025, no significant investment was held by the Group. As at the date of this annual report, the Group had no future plans for material investments or capital assets.

Material Acquisition and Disposals

The Group had no material acquisition or disposal of subsidiaries, associates or jointly controlled entities for the year ended 31 December 2025.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2025 (2024: RMBNil).

Capital Commitments

The Group had no capital commitments as at 31 December 2025 (2024: RMBNil).

Other than as set out in this Annual Report, the Group did not acquire or dispose of any major subsidiaries or affiliated companies during the year ended 31 December 2025 (2024: Nil).

Pledged Assets of the Group

The subsidiary of the Company and Agricultural Bank of China Limited Guangzhou Beixiu branch ("**Agricultural Bank**") mutually agreed to extend the bank loan of approximately RMB19,930,000 to 13 November 2024, carrying a fixed rate of 4% per annum, which is secured, among others, by certain trade receivables of Fineland E-Life Service Co., Ltd.* (廣州方圓現代生活服務股份有限公司, "**Fineland E-life**"). The subsidiary of the Company pledged approximately 68.9% equity interests in Fineland E-life to Agricultural Bank.

The bank loan has been fully repaid by end of the term, and the procedures for the release of the equity pledge have been completed as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

Below is a summary of certain principal risks and uncertainties, which may materially and adversely affect the achievement of the Group's business progress:

Risks relating to changes in policies and regulations

The Group's business is subject to various regulations and policies imposed by PRC government authorities, particularly in the area of property management services. The government exerts regulatory influence over the industry through property management fee guidance policies, regulations on fee collection for vacant properties, and property management service pricing administration measures. In recent years, several cities have introduced or adjusted property management fee cap policies, which may limit the scope for fee increases or create downward pressure on pricing. Furthermore, the government has imposed higher requirements on the operating qualifications, service standards and the operation of owners' committees of property management companies through amendments to the Property Management Regulations and related community governance policies. If the Group fails to adapt to policy changes in a timely manner, or if new policies adversely affect the Group's business operations, such changes could have a material adverse effect on the Group's business, operating performance and financial position.

Intense competition in the property management industry

The property management industry is intensely competitive and highly fragmented. Some of the Group's competitors may have greater resources and more established relationships, positioning them more favourably in attracting customers, financing, professional management personnel and labour resources. If the Group is unable to respond to market changes more quickly or more effectively than its competitors, or fails to maintain or enhance its competitiveness, it may experience talent drain and increased compensation costs, which could adversely affect the Group's business, operating performance and financial position.

Recovery of trade receivables and credit risks of related parties

The Group's property management services involve transactions with real estate developers, owners' committees and third-party property owners. The current liquidity challenges in the PRC real estate industry and the slowing economy may lead to financial difficulties of such counterparties, affecting their ability to settle service fees on a timely basis. If the financial conditions of such counterparties deteriorate or they fail to perform their repayment obligations as scheduled, the recoverability of the Group's receivables may decline and the provision for expected credit losses may increase, which could have a material adverse effect on the Group's cash flow, operating results and financial position. The Group has continued to strengthen its receivable management measures, but there is no assurance that such amounts will be recovered in a timely manner or in full.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors:

Name	Age	Date of Appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and Senior management
<i>Executive Directors</i>					
FONG Ming (方明)	60	16 February 2017	March 1997	Providing strategic plans and general management of our Group	None
SUN Ligong (孫立功)	51	17 March 2025	February 2022	Providing strategic plans and general management of our Group	None
HAN Shuguang (韓曙光)	52	15 June 2021	June 2021	Providing strategic plans and general management of our Group	None
TSE Lai Wa (謝麗華)	70	16 February 2017	April 1997	Providing advice on overall business plans and overseeing strategic matters	None
<i>Independent non-executive Directors</i>					
LEUNG Wai Hung (梁偉雄)	58	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	None
TIAN Qiusheng (田秋生)	70	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	None
DU Chenhua (杜稱華)	56	23 October 2017	23 October 2017	Supervising and providing independent judgement to our Board	None

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. FONG Ming (方明) (“Mr. Fong”), aged 60, was re-designated as the chairman of the Company on 30 April 2024 and from a non-executive Director to an executive Director on 17 March 2025. He is one of the founders of the Group and one of the controlling shareholders as well as a director of Guangzhou Fineland Living Service Limited* (廣州方圓生活服務有限公司) (“**Guangzhou Fineland Living**”), and Guangzhou Fineland E-Life Service Co., Ltd.* (廣州方圓現代生活服務股份有限公司) (“**Fineland E-life**”), both are subsidiaries of the Company. Mr. Fong is primarily responsible for overall business plans and general management of our Group.

Mr. Fong has over 25 years of experience in property development, property consultancy and business management. He was the chairman and general manager of Guangzhou Zhanyi Trading Co., Ltd.* (廣州市展逸貿易有限公司) (“**Guangzhou Zhanyi**”) and Guangzhou Fineland Real Estate Development Company Limited* (廣州市方圓房地產發展有限公司) from 1994 to 1997, in which he was primarily responsible for overseeing the management of the companies. He was also the chairman and president of Guangdong Fineland Group Co., Ltd.* (廣東方圓集團有限公司) from 1997 to 2006 in which he was primarily responsible for overseeing the operations of the company. From 2006 to end of 2024, he has been the chairman and the president of the Fineland Group Holdings Company Limited and its subsidiaries (other than the Group) (“**Fineland Group**”) and has been primarily responsible for making investment decisions, providing overall strategic planning and supervising property development projects of the Fineland Group. As at 17 March 2025, Mr. Fong has ceased all executive roles within the Fineland Group.

Mr. Fong obtained his bachelor's degree in law from the Sun Yat-Sen University in the PRC in July 1987 and was qualified as a lawyer by Department of Justice in Guangdong Province in April 2007.

Mr. SUN Ligong (孫立功) (“Mr. Sun”), aged 51, was appointed as an executive Director and the chief executive officer of the Company (the “**CEO**”) on 17 March 2025. He joined the Group in February 2022 and is a director of certain subsidiaries of the Company including Fineland E-Life since November 2023. He was promoted to be chairman of Fineland E-Life in February 2024. He is currently primarily responsible for general management of the Company.

Prior to joining our Group, Mr. Sun worked as a cadre successively in the Lhase Ordnance Depot and Guangzhou Military Region from December 1992 to June 2013. In July 2013, Mr. Sun joined Fineland Group as assistant to chairman. From September 2017 to February 2022, Mr. Sun worked as deputy director and director of the chairman's office, general manager of the HR and administration department, vice president of Fineland Group and president of construction group successively.

He obtained his bachelor's degree in Financial Management from PLA Naval University of Engineering* (中國人民解放軍海軍工程大學) in the PRC in June 2003.

Mr. HAN Shuguang (韓曙光) (“Mr. Han”), aged 52, was appointed as an executive Director on 15 June 2021 and ceased to act as the CEO on 17 March 2025. He is primarily responsible for strategic planning and general management of the Group.

Mr. Han has served as a director of a number of the operating subsidiaries within the Group since 1998. Mr. Han has over 20 years of experience in property development with Fineland Group, where he is primarily responsible for land acquisition, investments and financing matters, cost control and legal affairs. He joined Guangzhou Zhanyi in 1994 and was appointed as the executive director of Guangzhou Fineland in October 1995. Mr. Han was appointed as the vice general manager and the authorized representative of Guangzhou Fineland in 2000.

He obtained his bachelor's degree in history from Sun Yat-sen University in the People's Republic of China (the “**PRC**”) in June 1994.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. TSE Lai Wa (謝麗華) (“Ms. Tse”), aged 70, was appointed as an executive Director on 16 February 2017 and is one of the controlling shareholders of the Company. On 28 August 2025, Ms. Tse was appointed as a member of the nomination committee of the Company.

She joined the Group in April 1997 as a director of Guangzhou Fineland Living, a position which she has been holding since then and has been responsible for providing advice on overall business plans and overseeing strategic matters.

Prior to joining the Group, Ms. Tse worked as an administrative manager in Nanfang Hospital* (南方醫科大學南方醫院) from October 1976 to October 1992, primarily responsible for daily administrative and logistics management. From March 1996 to March 1997, Ms. Tse worked as a manager of the Fineland Group, and was mainly responsible for administrative work.

Ms. Tse completed an intensive course on executive masters in business administration from the Hong Kong Sino Australia Management College in June 2001.

Independent Non-executive Directors

Mr. LEUNG Wai Hung (梁偉雄) (“Mr. Leung”), aged 58, was appointed as an independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgment to the board of directors. Mr. Leung is also the chairman of the audit committee, a member of the remuneration committee and a member of the nomination committee of the Company.

Mr. Leung has more than 20 years working experience in various listed companies in Hong Kong mainly engaged in property development including Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited) (stock code: 001). Mr. Leung also has extensive experience in real estate investment trust (“REIT”). He participated in the IPO setup of the first private sector REIT, Prosperity REIT (stock code: 808) in Hong Kong in 2005 and worked for the manager of Fortune REIT (stock code: 778) as a Finance Director from 2011 to 2012. Fortune REIT was dually listed in both Hong Kong and Singapore at that time. Other than property development, he has also worked as the financial controller of Shougang Concord International Enterprises Company Limited (now known as Shoucheng Holdings Limited) (stock code: 697) (“SCIECL”) from 2013 to 2018. SCIECL is a state-owned enterprise and a member of Shougang Group Co., Ltd, one of the top 10 steel producers in the world.

Mr. Leung was appointed as an independent non-executive director of Wing Lee Development Construction Holdings Limited (stock code: 9639), a Main Board listed company, from 20 September 2024 to 13 July 2025. He was appointed as an independent non-executive director of China Fortune Holdings Limited (stock code: 110), a Main Board listed company, from 9 July 2021. Since 4 August 2022, Mr. Leung was appointed as an independent non-executive Director of Sino-Ocean Service Holding Limited (stock code: 6677), a Main Board listed company. Since 20 April 2024, Mr. Leung was appointed as an independent non-executive director of Gemini Investments (Holdings) Limited (stock code: 174), a Main Board listed company.

Mr. Leung also has extensive financial knowledge in initial public offering, merger and acquisition as well as fund raising and is familiar with the business environment of both Hong Kong and the Mainland China.

Mr. Leung holds a Bachelor Degree of Business Administration from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. TIAN Qiusheng (田秋生) (“Mr. Tian”), aged 70, was appointed as an independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to the board of directors. Mr. Tian is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company.

Mr. Tian has more than 30 years of experiences in providing business and finance related tertiary education. From July 1982 to July 2005, Mr. Tian held different positions in the School of Economics of Lanzhou University, including being the deputy head of the department. Since July 2005, Mr. Tian has held various positions in South China University of Technology, including being the deputy head of the economics and trade department, the general manager of the finance department, and the director of the regional business research center of the university from July 2015 to June 2017.

Mr. Tian is a guest economist of the National Bureau of Statistics for China's economic climate survey, a member of the Academic Committee under the Guangdong Finance Institute, a member of the Academic Committee under the Guangdong Regional Financial Policy Research Center, a vice president of the Guangdong Financial Think-tank Federation and a special researcher of the Guangdong People's Government Counsellors' Office.

Mr. Tian is currently an independent non-executive Director of Livzon Pharmaceutical Group Inc.* (麗珠醫藥集團股份有限公司) (stock code: 1513), a Main Board listed company, and Zhuhai Rural Commercial Bank Company Limited* (珠海農村商業銀行股份有限公司).

Mr. Tian obtained his bachelor's degree in Economics from Lanzhou University in June 1982 and his doctorate degree in Economics from the Northwest University in the PRC* (西北大學) in June 2001.

Mr. DU Chenhua (杜稱華) (“Mr. Du”), aged 56, was appointed as an independent non-executive Director on 23 October 2017 and is primarily responsible for supervising and providing independent judgement to the board of directors. Mr. Du is also a member of the audit committee of the Company.

Previously, from February 1997 to December 2003, Mr. Du was the manager of the legal department of Guangdong Guangkong Group Limited* (廣東廣控集團有限公司) which was then a wholly-owned subsidiary of China Guangfa Bank. From January 2004 to December 2014, Mr. Du was a senior partner of Guangdong Guardian Law Firm and was mainly responsible for providing legal services. Since February 2015, Mr. Du has been a director and a senior partner of Guangdong YingZhen Law Firm* (廣東瀛真律師事務所).

Mr. Du is currently the deputy general manager of the Guangzhou Law Society Civil Law Committee* (廣州市法學會民法專業委員會), a manager of the Guangzhou Law Society Distressed Assets Committee* (廣州市律師協會不良資產專業委員會), a representative of the Guangdong Province Lawyer's Congress* (廣東省律師代表大會), and a committee member of the Guangzhou Arbitration Commission.

Mr. Du obtained his bachelor's degree in law from Wuhan Institute of Water Transportation* (武漢水運工程學院) in June 1992, his bachelor's degree in finance from the Nanjing University International Business School in July 1996, his master's degree in law from Jinan University in June 2002, and his doctorate degree in law from Wuhan University in December 2012. Mr. Du was qualified as a lawyer by the Department of Justice in Guangdong Province in April 2015.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table set forth the information concerning our senior management:

Name	Age	Position	Date of appointment of current position	Date of joining our Group	Roles and responsibilities	Relationship with others Directors and senior management
OUYANG Xiaoqing (歐陽小青)	43	Deputy general manager of the Group	February 2025	January 2021	General management, quality management and risk control	None

Ms. OUYANG Xiaoqing (歐陽小青) (“**Ms. Ouyang**”), aged 43, joined the Group in January 2021 as a deputy general manager since the completion of Fineland E-Life, was promoted to be the general manager of risk control department and assistant to the Chairman in March 2021, general manager of Fineland E-Life in February 2024, and deputy general manager of the Group in February 2025. She is currently primarily responsible for the general management, service quality control and risk management.

Prior to joining our Group, Ms. Ouyang was a legal affair specialist then legal affairs manager at Fineland Group in between June 2007 to December 2012. In between January 2013 to June 2015, Ms. Ouyang was head of HR and Administration department at Guangzhou Huizhao Services Limited* (廣州市輝兆商務服務有限公司). In between June 2015 to March 2021, Ms. Ouyang joined Fineland E-Life as legal director, then promoted to secretary to the Board, deputy general manager.

Ms. Ouyang obtained her bachelor's degree in law from Zhengzhou University in July 2005 and her master's degree in law from Jinan University in June 2007.

Ms. Ouyang does not have any current or past directorships in any other listed companies.

COMPANY SECRETARY

Ms. Chan Charmayne (“**Ms. Chan**”) has worked for Acclime Corporate Services Limited, a corporate services provider, since September 2018 and was appointed as its director in July 2019. She has over 17 years of experience in company secretarial field. She had served in a law firm and listed companies and has extensive experience in performing full range of company secretarial duties for listed companies (the shares of which are listed on the Main Board or GEM of the Stock Exchange) and private companies of major jurisdictions. She is currently the company secretary of PuraPharm Corporation Limited (stock code: 1498), Bright Future Technology Holdings Limited (stock code: 1351), China MeiDong Auto Holdings Limited (stock code: 1268), Ascentage Pharma Group Internation (stock code: 6855) and Xinyuan Property Management Service (Cayman) Limited (stock code: 1895) and the joint company secretary for each of Redsun Services Group Limited (stock code: 1971), Redsun Properties Group Limited (stock code: 1996) and Wise Living Technology Co., Ltd (stock code: 2481).

Ms. Chan has been a Chartered Governance Professional awarded by The Chartered Governance Institute (the “CGI”) and The Hong Kong Chartered Governance Institute (the “HKCGI”) since March 2019 and an associate member of the HKCGI since January 2014 and an elected associate of the CGI since January 2014. She obtained a master's degree in corporate governance from the Hong Kong Polytechnic University in Hong Kong in October 2013 and a bachelor's degree in business administration and management from the University of Huddersfield in the United Kingdom through distance education in November 2007.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

Our Company has established an audit committee on 23 October 2017 with written terms of reference in compliance with the GEM Listing Rules. The term of reference was revised on 26 May 2020. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The audit committee has three members comprising Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng and Mr. DU Chenhua, of whom Mr. LEUNG Wai Hung has been appointed as the chairman of the audit committee.

Remuneration Committee

Our Company has established a remuneration committee on 23 October 2017 with written terms of reference in compliance with the GEM Listing Rules. The term of reference was revised on 28 December 2022. The remuneration committee has three members comprising Mr. HAN Shuguang, Mr. LEUNG Wai Hung and Mr. TIAN Qiusheng, of whom Mr. TIAN Qiusheng has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

Nomination Committee

Our Company has established a nomination committee on 23 October 2017 with written terms of reference in compliance with the GEM Listing Rules. The term of reference was revised on 26 May 2020 and 28 August 2025. The nomination committee has five members comprising Mr. Fong Ming, Mr. LEUNG Wai Hung, Mr. TIAN Qiusheng, Ms. Tse Lai Wa (appointed on 28 August 2025) and Mr. Du Chenhua (appointed on 28 August 2025), of whom Mr. Fong has been appointed as the chairman of the nomination committee. The nomination committee is mainly responsible for reviewing the structure, size, composition and diversity of the Board and make recommendations to the Board on the appointment of our Directors and management of Board succession.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the year ended 31 December 2025, total remuneration (including salaries and bonus, allowances, and pension costs) paid by us to our Directors amounted to approximately RMB3.2 million (2024: RMB2.0 million).

Out of the five highest paid individuals, total remuneration (including salaries and bonus, and pension costs) paid to the two (2024: four) non-director, highest paid individuals of our Group during the year amounted to approximately RMB1.1 million (2024: RMB3.6 million).

We did not pay our Directors or senior management any inducement fees to join us or as compensation for loss of office for each of the years ended 31 December 2025 and 2024. Furthermore, none of our Directors waived any compensation for the same period.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of directors' fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

CORPORATE GOVERNANCE REPORT

The Board is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

A clear governance structure has been established, the Board, the audit committee, the remuneration committee and the nomination committee in accordance with the relevant laws, Articles of Association of the Company (the “**Articles of Association**”) and the respective terms of reference. Each entity continuously supervises and improves the corporate governance standard of the Company to form a sound corporate governance structure.

The Board has reviewed the Group's corporate governance practices and is satisfied that, for the year ended 31 December 2025, the Company had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Model Code for Directors' Securities Transactions

The Company has adopted the code of conduct for securities transactions by directors on terms equivalent to the Model Code for securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) in Appendix C3 to the Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code for the year ended 31 December 2025.

Culture and Value

The Company is keenly aware of the importance of environmental protection, and adopted series of initiatives, such as energy conservation, emission reduction, and waste sorting, to deal with environmental issues. The Company emphasizes a people-oriented approach, focusing on the needs of our employees and customers, values staff training and welfare to provides a safe and comfortable working environment. In addition, the Company also actively participates in social welfare activities to give back to the community and demonstrate its sense of social responsibility.

As an integrated service provider of modern life with oriental characteristics, the Company has integrated the philosophy of “thinking more for you, lighting up your better life” into every aspect of its business. In the process of property services, the Company pays attention to details and provides personalized service solutions from the perspective of customers' needs. Simultaneously, we are actively introducing new technologies and innovative solutions to enhance service efficiency and quality, creating more value for our customers. We strive to become a leading integrated service provider, making positive contributions to the society and the environment.

CORPORATE GOVERNANCE REPORT

The Board

During the year ended 31 December 2025 and up to the date of this report, the Board comprised the following Directors:

Executive Directors

Mr. FONG Ming (chairman, and re-appointed as executive director on 17 March 2025)

Mr. SUN Ligong (appointed as executive director and chief executive officer on 17 March 2025)

Mr. HAN Shuguang (chief executive officer from 30 April 2024 to 17 March 2025)

Ms. TSE Lai Wa

Independent Non-executive Directors

Mr. LEUNG Wai Hung

Mr. TIAN Qiusheng

Mr. DU Chenhua

For relationship between Board members, please refer to the section headed “Biographical Details of the Directors and Senior Management” in this report.

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the risk management and internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or re-appointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates shareholders on the operations and financial position of the Group through interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company. All Directors, including independent non-executive Directors assume the responsibilities to the shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

Mr. Sun Ligong has been appointed as an executive Director and the Chief Executive Officer on 17 March 2025. In compliance with the Listing Rules 3.09D, Mr. Sun Ligong has obtained the legal advice on 13 March 2025 and confirmed he understood his obligations as a Director.

The non-executive Directors (including the independent non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. Pursuant to code provision C.2.7 of the CG Code, the chairman had held meetings with the non-executive Directors at least annually without presence of the executive Directors to evaluate the functioning of the Board.

Each independent non-executive Directors has confirmed, in accordance with the guidelines for assessing independence set out in the Rule 3.13 of the Listing Rules that he is independent of the Company and the Company also considers that all of them are independent. Upon the recommendation of the Nomination Committee of the Company, the Company considers all Independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules.

Each of the executive Directors has entered into a service contract for a fixed term of three years with the Company commencing on his/her appointment date which may be terminated by either party giving not less than six months' written notice to the other. Each of the independent non-executive Directors has entered into a service contract for a fixed term of one year with the Company commencing on his appointment date which may be terminated by either party giving not less than one month's written notice to the other. The appointments are subject to the provisions of retirement and rotation of directors under the Amended and Restated Memorandum and Articles of Association.

The executive Directors of the Company have the responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board and the day-to-day management of the Company is delegated to the management.

Save as disclosed in this report, to the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board.

CORPORATE GOVERNANCE REPORT

The Board Committees

For the formation and responsibilities of the Board Committee, please refer to pages 24 to 28 of this Annual Report.

Remuneration Committee (the “RC”)

The RC was set up on 23 October 2017 with written terms of reference which were revised and adopted on 28 December 2022. The Company has adopted the model set out in code provision E.1.2(c)(i) of the CG Code as its RC model under which the RC shall determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. The primary duties of the RC are, among other things, to make recommendations to the Board on the Company’s policy and structure for all remuneration (including the share schemes under Chapter 17 of the Listing Rules) of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to any grants of share options or award shares to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the Corporate Governance Report in the annual report of the Company, to establish and review the policy and structure of the remuneration of our Directors and senior management, and make recommendations on employee benefit arrangements to the Board, review and approve the remuneration of Directors with reference to the Board’s corporate goal and objectives. To minimize any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC is formed by two independent non-executive directors and one executive director, and chaired by an independent non-executive Director. One meeting was held during the year ended 31 December 2025 at which it has reviewed the terms of reference and discussed the 2025 performance bonus proposal of the Company, and discussed the remuneration package of Directors and senior management of the Company, and the attendance of each member is set out as follows:

Name of members of RC	Number of meetings attended for the year ended 31 December 2025
Mr. TIAN Qiusheng (Chairman)	1/1
Mr. LEUNG Wai Hung	1/1
Mr. HAN Shuguang	1/1

Nomination Committee (the “NC”)

The NC was set up on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020 and 28 August 2025. The primary duties of the NC are, among other things, to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. When identifying suitable director candidates and making recommendations to the Board, the NC will consider factors such as promote diversity of background and experience on the Board, competency, business, technical, or specialized skills, and commitment and willingness to serve. The NC comprises three independent non-executive directors and two executive directors, and is chaired by an executive Director who is also the chairman of the Board. Two meetings were held during the year ended 31 December 2025 at which it reviewed the terms of reference, structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive Directors and made recommendations to the Board on the re-appointment of Directors considering their experience and qualifications. The attendance of each member is set out as follows:

Name of members of NC	Number of meetings attended for the year ended 31 December 2025
Mr. Fong Ming (Chairman)	2/2
Mr. LEUNG Wai Hung	2/2
Mr. TIAN Qiusheng	2/2
Ms. Tse Lai Wa (appointed on 28 August 2025)	0/0
Mr. Du Chenhua (appointed on 28 August 2025)	0/0

Audit Committee (the "AC")

The AC was set up on 23 October 2017 with written terms of reference which were revised and adopted on 26 May 2020. The primary duties of the AC are, among other things, to make recommendations to our Board on the appointment, re-appointment and removal of external auditor, review the financial statements (including those included in the annual report and interim report of the Company), oversee our financial reporting process, risk management and internal control procedures, risk management systems and audit process and perform other duties and responsibilities assigned by our Board. The AC comprises all independent non-executive directors and is chaired by an independent non-executive Director, Mr. LEUNG Wai Hung, he is a fellow member of Association of Chartered Certified Accountants and also a member of Hong Kong Institute of Certified Public Accountants, and he possesses extensive experience in finance and accounting. Three meetings were held during the year ended 31 December 2025 at which it reviewed the terms of reference and discussed the Company's audited consolidated financial results for the year ended 31 December 2024, including the accounting principles and practice adopted by the Group, change of auditors, the Company's compliance with the CG Code, the connected transactions, the effectiveness of the Group's risk management and internal control systems as well as the Group's internal audit function. Out of the three meetings, the AC has met with the external auditor without the presence of the executive Directors in two of them. The AC has recommended to the Board to consider the appointment of KTC Partners CPA Limited as the Company's external independent auditors at the forthcoming annual general meeting. The attendance of each member is set out as follows:

Name of members of AC	Number of meetings attended for the year ended 31 December 2025
Mr. LEUNG Wai Hung (Chairman)	3/3
Mr. TIAN Qiusheng	3/3
Mr. DU Chenhua	3/3

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The board diversity policy (the "**Diversity Policy**") adopted aims to set out the approach to achieve diversity on the Board. A summary of the Diversity Policy is set out below:

CORPORATE GOVERNANCE REPORT

Measurable Objectives and Implementation

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, profession experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and Reporting

The NC will report annually, in this annual report, on the Board's composition under diversified perspectives, and monitor the implementation of Diversity Policy.

During the year ended 31 December 2025, the NC held two meetings to review the Board's composition, and was of the opinion that the Board consisted of members with different gender, age, cultural and educational background, professional experience, skills and knowledge. All executive Directors possess extensive and diversified experience in management, finance and real estate industry-related experience. The independent non-executive Directors possess professional knowledge in corporate finance and accountancy, legal, and real estate business management. Further details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

Review of the Diversity Policy

The NC will review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Diversity on Senior Management and Other Workforce

As at 31 December 2025, the gender ratio in the workforce including senior management) is 53.7% (male): 46.3% (female). For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the section headed "Social Responsibilities" under the Environmental, Social and Governance Report of the Company.

Nomination Policy

The Company has adopted a nomination policy on 15 February 2019, which established written guidelines for the NC to identify individual suitably qualified to become Board members and to make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. In assessing the suitability of the proposed candidate, the NC shall consider the factors including, among others, (a) the reputation for integrity; (b) the accomplishment, experience and reputation in the business and industry of the Company, including the property management industry and other relevant sectors; (c) the commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries; (d) diversity in all aspects, including but not limited to gender, age, cultural or educational and professional background, skills, knowledge and experience; (e) the ability to assist and support management and make significant contributions to the Company's success; and (f) the compliance with the criteria of independence, in case for the appointment of an independent non-executive director. The Board is ultimately responsible for selection and appointment of new Directors. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well-considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Dividend Policy

The Company has adopted a dividend policy (the “**Dividend Policy**”) with effect from 15 February 2019. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

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

The declaration and payment of dividends is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and the Articles of Association.

Board Composition and Board and Committee Meetings

Practices and Conduct of Meetings

Code Provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication. Since the listing of the Company on GEM on 15 November 2017 (“**Listing Date**”), the Board adopted the practice to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. Other Board meetings will be held if necessary and notice will be given at a reasonable time in advance.

Composition

As at 31 December 2025, the Board comprised four executive Directors and three independent non-executive Directors. The Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the year and up to the date of the annual report, which is in compliance with Rule 3.10 and 3.10A of the Listing Rule. Biographical details of the Directors are shown on pages 15 to 20 of this report and set out on the website of the Company. The “List of Directors and their Role and Function” was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the AC, RC and NC to oversee specific areas of the Company's affairs. Each of these committees has been established with its written terms of reference, which were approved by the Board, setting out the committees' major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

Meetings Held and Attendance

The composition of the Board and the Committees, and the individual attendance records of each Director at the Board and Committees' meetings during the year ended 31 December 2025 are set out below

Name of Directors	Meetings attended/Meetings held				Annual general meetings
	Board meetings	AC meetings	RC meetings	NC meetings	
Executive Directors					
Mr. FONG Ming	4/4			2/2	1/1
Mr. SUN Ligong	4/4				1/1
Mr. HAN Shuguang	4/4		1/1		1/1
Ms. TSE Lai Wa	4/4			0/0	0/1
Independent Non-executive Directors					
Mr. LEUNG Wai Hung	4/4	3/3	1/1	2/2	1/1
Mr. TIAN Qiusheng	4/4	3/3	1/1	2/2	1/1
Mr. DU Chenhua	4/4	3/3		0/0	1/1

Induction and Continuous Development

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his/her knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices.

Pursuant to the code provision C.1.4 of the CG Code, in order to keep Directors informed and refresh their relevant knowledge and skill^(Note), the Company has funded suitable trainings and encouraged Directors to participate in continuous professional development programs. The Directors have confirmed that they have received training:

Name of Directors who have attended seminars or briefings or have read journals

Mr. FONG Ming	✓
Mr. SUN Ligong	✓
Mr. HAN Shuguang	✓
Ms. TSE Lai Wa	✓
Mr. LEUNG Wai Hung	✓
Mr. TIAN Qiusheng	✓
Mr. DU Chenhua	✓

Note:

Training set out above refers to training relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

Accountability and Audit

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Group's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Group on a going concern basis.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and half-yearly reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and to report information required to be disclosed pursuant to statutory requirements to the regulators.

The above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are reasonable in accordance with applicable accounting standards.

Auditor's Remuneration

For the year ended 31 December 2025, the remuneration paid or payable to KTC Partners CPA Limited and its affiliate companies in respect of audit and non-audit services provided amounted to approximately RMB1,288,000 (equivalent to HK\$1,400,000) and RMBNil respectively.

The remuneration paid or payable to another auditor for audit services in PRC was approximately RMB230,000 (2024: RMB259,000).

Corporate Governance Function

The written terms of reference of the corporate governance functions were adopted by the Company on 23 October 2017 and the Board is collectively responsible for the following corporate governance functions:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updates;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
5. to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and
6. such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

The Company had established internal risk management process and procedures to identify, assess and manage major risks of the Group. The Board has overall responsibilities for establishing and maintaining an effective risk management and internal control systems of the Group and reviewing their effectiveness. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for implementing the procedures approved by the Board and to monitor compliance with the procedures. The AC reviews the risk areas and assesses the feasibility and effectiveness of the procedures at least once a year.

The key features of the Company's risk management and internal control system include: (i) designated departments for implementation and execution; (ii) the management ensures appropriate measures have been taken in relation to the significant risks that may affect business and operation; and (iii) designated department to provide independent confirmation to the Board, AC and the management on the effectiveness of risk management and internal control.

The internal audit function monitors the Company's internal governance and provides independent confirmation on the adequacy and effectiveness of the risk management and internal control system. The internal audit team in charge reports directly to AC, submit the internal audit report to the AC, and reports the results of internal audit works to all Directors.

The Company performed an internal audit to assess the effectiveness of the Group's risk management and internal control systems which covered all material controls, including financial, operational and compliance controls as well as risk management functions and to identify and resolve potential internal control defects during the year ended 31 December 2025. A confirmation and an internal control report on the adequacy and effectiveness of the risk management and internal control system for the year ended 31 December 2025 was provided to and reviewed by the AC and the Board. No major issue was raised for improvement. For the year ended 31 December 2025, the Board considered that the risk management and internal control system of the Company is adequate and effective and the Company has complied with the code provisions on internal control and risk management of the CG Code.

To minimize the risk of ineffective communication and enhance overall audit transparency in the future, the Company has implemented measures and improvements to enhance the process of preparing the financial results. These measures include (a) facilitating regular and transparent communication and coordination with the auditor of the Company throughout the reporting process, including aligning work schedules with the audit timetable, informing the auditor of the Company about any significant changes in external environments or business operations, agreeing on the audit approach and necessary documents with the auditor of the Company, holding regular meetings with clear procedures to address any audit findings or issues that may affect the reporting timeline; and (b) enhancing its audit planning process to ensure that all necessary steps are taken well in advance of the reporting deadline, including establishing a clear timeline for the reporting process, and identifying and escalating any audit issues to the audit committee of the Company promptly for resolution.

To address the going concern issue raised by the auditor in its report for the year ended 31 December 2025, the Company has implemented the following measures and procedures to mitigate relevant risks and enhance financial stability:

1. **Strengthening Cash Flow through Accelerated Receivables Recovery**
the Company has intensified its efforts to recover outstanding receivables from both corporate clients and individual homeowners, which include:

- implementing a structured, multi-tiered collection process with escalating actions for overdue accounts (e.g., reminders, formal demand letters, and legal proceedings if necessary);
 - offering incentives for early settlement (e.g., discounts) to encourage timely collections; and
 - enhancing monitoring through real-time accounts receivable dashboards to track progress and address high-risk cases proactively;
2. Optimizing Investment Properties for Liquidity
to unlock additional liquidity, the Company is actively managing its portfolio of investment properties by leasing out underutilized properties to generate steady rental income and improve cash flow, and selectively selling non-core assets at favorable market prices, with a focus on maximizing value while ensuring timely execution.
3. Rigorous Cost Reduction Initiatives
the Company has undertaken a comprehensive review of its operating expenses to reduce fixed costs without compromising core business functions, including immediate cost-cutting measures on non-essential expenditures, streamlining reporting lines and consolidating overlapping functions to eliminate redundant role, etc.

The Company has established the inside information policy for fair and timely dissemination to public based on applicable laws and regulations. The Director authorized by the Group to take charge of the investor relations, corporate matters and financial control functions is responsible for ensuring and monitoring compliance with the applicable disclosure procedures. The relevant Director may access inside information confidential until public disclosure. The Company has other procedures in place to prevent mishandling of inside information, including prior approval of trading of the Company's securities by Directors and the management, regular notice of lock-up period, restrictions on securities trading of Directors and staff and code for project identification.

Besides, the Company regularly reminds the directors and employees about due compliance with all policies regarding the inside information. The Company keeps directors and employees apprised of the latest regulatory updates to ensure compliance with regulatory requirements.

Company Secretary

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Articles of Association. The Company Secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. The Company Secretary, Ms. CHAN Charmayne ("**Ms. Chan**") who was hired from an external service provider confirmed that she has complied with all the qualifications, experience, and training requirements under Rule 3.29 of the Listing Rules, including taking no less than 15 hours of relevant professional training.

Mr. Tso Ping Cheong ("**Mr. Tso**") has reigned as the Company Secretary on 1 January 2025. Following Mr. Tso's resignation, Ms. CHAN has been appointed as the Company Secretary on the same day. Pursuant to code provision C.6.1 of the CG Code, her primary contact in the Company is Mr. Han Shuguang, an executive Director of the Company.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

The general meetings of the Company provided an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to Convene EGMs and Procedures

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

Principal place of business of the Company in the PRC:
No.28 Tiyu East Road, Tianhe District, Guangzhou, PRC

Registered office of the Company:
Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, the shareholders can contact the Company by post to principal place of business of the Company in Hong Kong: Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong or by email to ir@fydc.cn.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Right to Put forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

Constitutional Documents

During the year ended 31 December 2025, there were no changes in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

Investor Relations

The Board recognizes the importance of maintaining on-going communication with the shareholders. The Company promotes communications with the shareholders through several communication channels, including publication of notices, circulars and announcements of key developments, interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The Company aims to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the shareholders. The shareholders are encouraged to attend all general meetings of the Company. The notices of the special general meetings and annual general meeting of the Company were circulated to all the shareholders in accordance with the requirements of the Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong or email at ir@fydc.cn.

During the year ended 31 December 2025, the Company has reviewed its shareholders communication policy, and believes it is appropriate and effective.

DIRECTORS' REPORT

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2025.

Principal Place of Business

The Company is a limited company incorporated in the Cayman Islands and has its registered office and principal place of business at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong respectively.

Principal Activities and Business Review

The principal activities of the Group are (i) comprehensive real estate agency services; (ii) professional property management services. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including the Group's business review and a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 6 to 14 of this Annual Report. This discussion forms part of this directors' report.

Major Customers and Suppliers

During the year ended 31 December 2025, our largest customer accounted for approximately 1.13% of total revenue. The aggregate sales to our five largest customers contributed approximately 4.12% of our total sales during the year ended 31 December 2025. Two customers are connected customers as they are the group entities within the Fineland Group. Together, customers that were entities within the Fineland Group in aggregate accounted for approximately 4.9% of total revenue.

The Group's major suppliers are sub-contractors providing relevant services for the Group's property management business. For the year ended 31 December 2025, the Group's largest supplier accounted for approximately 5.8% of the Group's total purchases, and the Group's five largest suppliers accounted for approximately 17.8% of the Group's total purchases.

Other than as disclosed above, none of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of the five largest customers and suppliers

Segment Information

The segment information of the Group for the year ended 31 December 2025 is set out in note 6 to the financial statements.

Recommended Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

Closure of Register of Members

The AGM is expected to be held on Thursday, 18 June 2026. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 15 June to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 12 June 2026.

Gearing Ratio

As at 31 December 2025, the Group has gearing ratio (total liabilities divided by total assets) of 98% compared to that of 77% as at 31 December 2024.

Charitable Donations

The Group did not make any charitable donations during the year ended 31 December 2025 (2024: Nil).

Share Capital

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in note 26 to the financial statements. Details about the issue of shares are also set out in note 26 to the financial statements.

Purchase, Sale or Redemption of Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) on the Stock Exchange, by private arrangement, or by way of grant offer, during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 15 to the financial statements.

Intangible Assets

Details of the movement in intangible assets of the Group for the year ended 31 December 2025 are set out in notes 28 to 29 to the financial statements.

Distributable Reserves

As at 31 December 2025, the Company had no distributable reserves. Details of the movements in the reserves of the Company for the year are set out in note 39 to the financial statements.

Pre-emptive Rights

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

DIRECTORS' REPORT

Directors

The directors during the financial year and up to the date of this report were:

Executive Directors

Mr. FONG Ming (re-designated as executive Director on 17 March 2025)

Mr. SUN Ligong (appointed on 17 March 2025)

Mr. Han Shuguang

Ms. TSE Lai Wa

Independent Non-executive Directors

Mr. LEUNG Wai Hung

Mr. TIAN Qiusheng

Mr. DU Chenhua

Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date or appointment date and shall continue thereafter until terminated by, not less than six months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of one year commencing from the Listing Date, and renewed each year for one year, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one month's notice in writing served by either party on the other.

Pursuant to article 108 of the Articles of Association, Mr. Han Shuguang, Ms. Tse Lai Wa and Mr. Tian Qiusheng will retire from office by rotation, and being eligible, will offer themselves for re-election at the annual general meeting (the "AGM").

No director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests or short positions of the Directors and chief executives in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

DIRECTORS' REPORT

(i) Long positions in Shares of the Company

Name	Nature of interest	Total number of shares held	Percentage of shareholding
Mr. FONG Ming	Interest in controlled corporation ⁽¹⁾	225,948,000	56.49%
Ms. TSE Lai Wa	Interest in controlled corporation ⁽¹⁾	225,948,000	56.49%
Mr. HAN Shuguang	Interest in controlled corporation ⁽²⁾	4,500,000	1.125%

Notes:

- (1) 97,200,000 Shares are held by Mansion Green Holdings Limited ("**Mansion Green**"), which is wholly-owned by Mr. Fong through his holding companies (including Stand Smooth Group Limited ("**Stand Smooth**"), Hero Dragon Management Limited ("**Hero Dragon**"), Fineland Group Holdings Company Limited ("**Fineland Group Holdings**", formerly known as Fineland Real Estate Holdings Company Limited) and Widethrive Investments Limited ("**Widethrive Investments**"). 64,800,000 Shares are held by Aspiring Vision Holdings Limited ("**Aspiring Vision**"), which is wholly-owned by Ms. Tse. 60,000,000 Shares are held by Huiyu Investment Holdings Limited ("**Huiyu Investment**"), which is wholly-owned by Mr. HUANG Peng ("**Mr. Huang**"). Mr. Huang and his spouse are interested in 3,948,000 Shares. And pursuant to the deed of concert parties, Mr. Fong and Ms. Tse are therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested.
- (2) Shares are held by Adwan Orient Holdings Limited ("**Adwan**"), which is wholly-owned by Mr. Han.
- (3) All interests are calculated based on the total Shares in issue as at 31 December 2025, being 400,000,000 Shares.

(ii) Associated Corporation

Apart from the foregoing, as at 31 December 2025, none of the Directors nor the chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was 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.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

DIRECTORS' REPORT

Long positions in Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of shareholding
Ms. HE Kangkang (何康康) ⁽¹⁾	Interest of spouse	225,948,000	56.49%
Mr. ZHENG Muming (鄭木明) ⁽²⁾	Interest of spouse	225,948,000	56.49%
Mr. HUANG Peng (黃鵬) ⁽³⁾	Interest in a controlled corporation, interest of spouse and a legal and beneficial owner	225,948,000	56.49%
Ms. ZHENG Hui (鄭暉) ⁽⁴⁾	Interest in a controlled corporation, interest of spouse and a legal and beneficial owner	225,948,000	56.49%
Mansion Green ⁽⁵⁾	Legal and beneficial owner	97,200,000	24.3%
Widethrive Investments ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Fineland Group Holdings ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Hero Dragon ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Stand Smooth ⁽⁵⁾	Interest in a controlled corporation	97,200,000	24.3%
Aspiring Vision ⁽²⁾	Legal and beneficial owner	64,800,000	16.2%
Huiyu Investment ⁽³⁾	Legal and beneficial owner	60,000,000	15%

Notes:

- (1) Ms. HE Kangkang ("**Ms. He**") is the spouse of Mr. Fong. Under the SFO, Ms. He is deemed to be interested in the same number of Shares in which Mr. Fong is interested.
- (2) 64,800,000 Shares, representing 16.2% of the issued share capital of the Company, are held by Aspiring Vision, which is wholly-owned by Ms. Tse. And pursuant to the deed of concert parties, Ms. Tse is therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested. Mr. ZHENG Muming ("**Mr. Zheng**") is the spouse of Ms. Tse. Under the SFO, Mr. Zheng is deemed to be interested in the same number of Shares in which Ms. Tse is interested.
- (3) 60,000,000 Shares, representing 15% of the issued share capital of the Company, are held by Huiyu Investment, which is wholly-owned by Mr. Huang. Mr. Huang and his spouse are interested in 3,948,000 Shares. And pursuant to the deed of concert parties, Mr. Huang is therefore deemed to be interested in the total number of Shares in which each of Mr. Fong, Mr. Huang and Ms. Tse is interested.
- (4) Ms. ZHENG Hui ("**Ms. Zheng**") is the spouse of Mr. Huang. Under the SFO, Ms. Zheng is deemed to be interested in the same number of Shares in which Mr. Huang is interested.
- (5) Mansion Green is the registered owner of 97,200,000 Shares, representing 24.3% of the issued share capital of the Company. Mansion Green is wholly-owned by Stand Smooth. Stand Smooth is wholly owned by Hero Dragon, which is wholly-owned by Fineland Group Holdings, which in turn is wholly owned by Widethrive Investments, and ultimately wholly-owned by Mr. Fong. Accordingly, Widethrive Investments, Fineland Group Holdings, Hero Dragon and Stand Smooth are therefore deemed to be interested in the same number of Shares in which Mansion Green is interested under the SFO.
- (6) All interests are calculated based on the total Shares in issue as at 31 December 2025, being 400,000,000 Shares.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons who had any interest or short positions in the Shares or underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share option scheme

A share option scheme ("**Share Option Scheme**") was adopted by the Company on 23 October 2017. As of the date of this report, no option had been granted, agreed, exercised, cancelled or lapsed under the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant Share Options to the eligible persons as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-caliber employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"). As at the date of this report, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

2. Who may join and basis for determining eligibility

The Board may, at its absolute discretion, offer eligible persons (being any director or employee (whether full time or part time), consultant or adviser of our Group who in the sole discretion of the Board has contributed to and/or will contribute to our Group) (the "**Eligible Persons**") to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

3. Grant of options

- (a) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time on a business day within ten years commencing on the effective date of the Share Option Scheme to offer the grant of a Share Option to any Eligible Person as our Board may in its absolute discretion select in accordance with the eligibility criteria set out in the Share Option Scheme. An offer shall be accepted when we receive the duly signed offer letter together with a non-refundable payment of HK\$1.00 (or such other sum in any currency as our Board may determine).
- (b) Any grant of Share Options to any Director, substantial Shareholder, chief executive of our Company or their respective associates must be approved by all of our Company's independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee).

4. Exercise Price

The exercise price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and the nominal value of a Share on the date of grant.

5. Maximum number of Shares

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 10% of the total number of Shares in issue from time to time. No Share Options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.

DIRECTORS' REPORT

The maximum number of Shares issued and to be issued upon exercise of the Options granted to any one Eligible Person (including both exercised and outstanding Options) in any 12-month period shall not exceed one percent of the Shares in issue from time to time.

6. Time of exercise of option

- (a) Subject to certain restrictions contained in the Share Option Scheme, a Share Option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option.
- (b) There is no general requirement on the minimum period for which a Share Option must be held or the performance targets which must be achieved before a Share Option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any Share Option, our Board may, on a case-by-case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the Share Options to be held and/or the performance targets to be achieved as our Board may determine in its absolute discretion.

7. Remaining life of the Share Option Scheme

The Share Option Scheme (the "**Scheme**") shall be valid and effective for a period of 10 years commencing on the date of adoption of the Scheme on 23 October 2017. The number of share options available for grant under the Scheme was 40,000,000 as at 1 January 2025 and 31 December 2025, respectively, representing 10% of the Company's issued share capital (excluding treasury shares) as at 15 November 2017, on which dealing of the Shares first commenced on GEM.

During the year ended 31 December 2025, no option has been granted, agreed, exercised, cancelled or lapsed under the Scheme, and there was no share option outstanding.

As at the date of this annual report, a total of 40,000,000 Shares remained available for issue under the Scheme, representing 10% of the Company's issued share capital (excluding treasury shares) as at the same date.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and "Share option scheme" above, at no time during the year ended 31 December 2025 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

Continuing Connected Transactions

The Renewed Master Agency Service Agreement

On 25 October 2023, the Company (for itself and on behalf of its subsidiaries, as service providers) and Finland Group Holdings (for itself and on behalf of its subsidiaries, as service recipients) entered into a renewed master agency service agreement, pursuant to which our Group agreed to provide real estate agency services in the primary property market to members of the Finland Group for a term commencing from 1 January 2024 to 31 December 2026 (the "**2024 Master Agency Service Agreement**"). Finland Group Holdings is an indirect controlling shareholder of the Company, and thus a connected person of the Company.

As disclosed in the circular of the Company date 23 November 2023, the Directors estimated that the maximum annual fees charged by the Group in relation to the services to be provided under the 2024 Master Agency Service Agreement for each of the three years ending 31 December 2026 will not exceed RMB81.0 million, RMB90.0 million and RMB99.0 million (the “**Agency Service Annual Caps**”), respectively.

As the highest applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Agency Service Annual Caps is more than 5% and each of the Agency Service Annual Caps is more than HK\$10 million, the transactions contemplated under the 2024 Master Agency Service Agreement are subject to annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions and Agency Service Annual Caps were approved by the independent shareholders at the Company's extraordinary general meeting held on 20 December 2023.

The Master Property Management Services Agreements

The Company completed the acquisition of approximately 66.31% of equity interests in Fineland E-Life on 28 January 2021. Following the completion and on the same day, the Company entered into master property management services agreements to continue rendering property management services to the members and associates of the Fineland Group.

On 25 October 2023, the Company (for itself and on behalf of its subsidiaries) and Mr. Fong (on behalf of Mr. Fong's Associated Companies (including the Fineland Group and the Fineland Education Group)) entered in to a renewed master property management services agreement (the “**2024 Master Property Management Services Agreement**”), pursuant to which the Group agreed to provide property management services to Mr. Fong's Associated Companies for a term from 1 January 2024 to 31 December 2026. As at the date of the 2024 Master Property Management Services Agreement, Mr. Fong was a non-executive Directors and a controlling shareholder of the Company, and thus a connected person of the Company.

As disclosed in the circular of the Company dated 23 November 2023, the estimated maximum annual fees charged by the Group in relation to the services to be provided under the 2024 Master Property Management Services Agreement for each of the three years ending 31 December 2026 will not exceed RMB32.0 million, RMB34.0 million and RMB36.0 million (the “**Property Management Service Annual Caps**”), respectively.

As the highest applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Property Management Service Annual Caps is more than 5% and each of the Property Management Service Annual Caps is more than HK\$10 million, the transactions contemplated under Master Property Management Service Agreements are subject to annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the 2024 Master Property Services Agreements and the Property Management Service Annual Caps were approved by the independent shareholders at the Company's extraordinary general meeting held on 20 December 2023.

The Master Lease Agreement

On 25 October 2023, the Company (for itself and on behalf of its subsidiaries) and Fineland Group Holdings (for itself and on behalf of its subsidiaries) entered into a renewed master lease agreement (the “**2024 Master Lease Agreement**”), pursuant to which any subsidiaries of the Company as tenant may continue, amend, renew the existing lease agreements or enter into new leases with members of the Fineland Group for a term from 1 January 2024 to 31 December 2026. As disclosed in the announcement of the Company dated 25 October 2023, the annual caps under the 2024 Master Lease Agreement for each of the three years ending 31 December 2026 will not exceed RMB4.25 million, RMB4.5 million and RMB4.75 million (the “**Lease Annual Caps**”), respectively. Fineland Group Holdings is an indirect controlling shareholder of the Company, and thus a connected person of the Company.

DIRECTORS' REPORT

As the highest applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the Master Lease Agreement is more than 5% but less than 25%, and do not exceeds HK\$10 million, the 2024 Master Lease Agreement (including the Lease Annual Caps) and the transactions contemplated thereunder are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Service provider	Service recipient	Nature of transactions	Annual cap for the year ended 31 December 2025	Total amount for the year ended 31 December 2025
Our Group	Finland Group Holdings and other connected parties	Master Agency Service Agreement	RMB90,000,000	RMB73,000 (as agency services fee) RMB29,817,000 (as Outstanding Earnest Money Balance)
Our Group	Mr. Fong Ming's associates	Master Property Management Services Agreement	RMB34,000,000	RMB6,366,000
Our Group	Finland Group Holdings and other connected parties	Master Lease Agreement	RMB4,500,000	RMB486,000

Note:

The total transaction amount under the Master Agency Service Agreement for the year ended 31 December 2025 includes (i) the agency service fee of RMB73,000; and (ii) the outstanding earnest money balance of RMB29,817,000 (the "Outstanding Earnest Money Balance") as at 31 December 2025, accrued as a result of the earnest money payment arrangement which is part and parcel of the 2021 Master Agency Service Agreement.

During the year ended 31 December 2025, the above continuing connected transactions were carried out within their respective annual caps and has followed the pricing policies when determining the price and terms of the transactions conducted. The independent non-executive Directors have reviewed and confirmed that during the year ended 31 December 2025 the above continuing connected transactions were conducted and entered into:

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

Outstanding Earnest Money Balance

The Outstanding Earnest Money Balance was accrued as a result of the earnest money payment arrangement which is part and parcel of the Group's real estate agency service business. It is an industry practice developed under the rapidly changing, challenging and competitive PRC real estate market, whereby the Group would pay to property developers an upfront earnest money, being usually 50% to 100% of the agreed value of the properties the Group is appointed to sell. In return, the Group is entitled to an exclusive agency right to sell the properties during an exclusive period and to receive the relevant portion of the consideration for the sold properties to off-set against the earnest money paid in respect of the relevant agreed value of such sold properties. In addition, the Group shall be entitled to an agency commission equivalent to the amount exceeding the agreed value of the sold properties. At the end of the exclusive period, the Group shall be entitled to a full refund of any outstanding earnest money. However, there will be no earnest money payment arrangement for the Group's services to be provided pursuant to the 2024 Master Agency Service Agreement.

The Outstanding Earnest Money Balance which was initially expected to be repaid by 31 December 2023, remains unsettled. On 13 March 2024, a civil legal proceeding (the "**Litigation**") has been initiated by Guangzhou Fangyuan Real Estate Agency Co., Ltd.* (廣州方圓房服房地產代理有限公司) ("**Fangyuan Agency**"), a wholly-owned subsidiary of the Company, against Guangzhou Fangyuan Huijin Real Estate Development Limited* (廣州方圓匯金房地產發展有限公司) ("**Fangyuan Huijin**"), a company ultimately non-wholly owned by Mr. Fong, with the People's Court of Guangzhou Tianhe District in respect of the Outstanding Earnest Money Balance of approximately RMB14.2 million (later amended to approximately RMB13.1 million) owed by Fangyuan Huijin to Fangyuan Agency. Fangyuan Agency requested Fangyuan Huijin to repay the outstanding balance along with accrued interest.

On 23 October 2024 and 20 March 2025, the Company has secured a favorable judgment and an enforcement order, respectively. The court has proceeded with compulsory enforcement actions against Fangyuan Huijin to fulfill its obligations under the judgement, and is currently enforcing the judgment through judicial auction. Certain properties have been sold, but the Company has not yet received the proceeds as at the date of this report.

As at the date of this annual report, the Company was still communicating and negotiating with the relevant members of Fineland Group to recover the remaining balance of the Outstanding Earnest Money Balance.

Material Legal Proceedings

Litigation against Heshan Fudu

On 21 June 2023, Guangzhou Fineland Living Services Limited* (廣州方圓生活服務有限公司) ("**Guangzhou Fineland Living**"), an indirectly wholly-owned subsidiary of the Company, as purchaser, and Heshan Fudu Property Development Company Limited* (鶴山市富都物業發展有限公司) ("**Heshan Fudu**"), as vendor, entered into a settlement agreement, pursuant to which, Guangzhou Fineland Living has conditionally agreed to procure the relevant purchaser(s) to pay the down payment of approximately RMB4.0 million and set-off the outstanding receivables of approximately RMB16.0 million which remained outstanding and payable by Heshan Fudu to Guangzhou Fineland Living and its subsidiaries by way of accepting the transfer of 23 properties ("**Properties**") from Heshan Fudu to the relevant purchaser(s).

The delivery of the physical possession of the Properties have not taken place as originally scheduled, the Conditions Precedent could not be fulfilled on or before 28 November 2025 (being the Long Stop Date). Fineland Living Services notified Heshan Fudu in writing that the Settlement Agreement was fully rescinded on the same date pursuant to its terms. Upon the rescission of the Settlement Agreement, the Vendor shall, among other things, (i) refund the Down Payment to the Relevant Purchaser(s) within ten business days after the Long Stop Date, failing which a penalty of 0.01% of the Down Payment shall accrue per day of delay; and (ii) continue to be obliged to fulfil its payment obligations in connection with the Outstanding Receivables and other receivables owed to Fineland Living Services and its subsidiaries.

DIRECTORS' REPORT

Given that Heshan Fudu neither refunded the initial payment nor paid the corresponding penalty in accordance with the settlement agreement, Finland Living Services has initiated legal proceedings against the vendor, and the case has been formally accepted by the competent court on 3 March 2026, and the hearing was held on 15 April 2026. As at the date of this annual report, the Company has not yet received the judgment from the court. The Company will continue to pursue all available legal avenues to protect its interests and will keep Shareholders informed of any material developments in this matter.

Litigation against the Subsidiaries of the Company

Owners' committee of Meizhou Tao Ran Jun (the "Owners' Committee") initiated litigation against Guangdong Yikang Property Service Co., Ltd.* (廣東益康物業服務有限公司)("Yikang"), a non-wholly owned subsidiary of the Company, and Meizhou Yi He Kang Property Service Co., Ltd.* (梅州市益合康物業服務有限公司), a wholly-owned subsidiary of Yikang, claiming for return of common area revenue. The hearing took place in November 2025, but the Company has not yet received the judgment from the court as at the date of this annual report. After due evaluation of the associated risks, the Company has, on a prudent basis, made a provision of approximately RMB1.6 million in respect of the claim. The Company will continue to monitor the progress closely and will make further announcement(s) as and when appropriate.

Confirmation from Auditor of the Company

The Board has received an unqualified letter issued by the auditor of the Company in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) and Practice Note 740 (Revised) issued by the Hong Kong Institute of Certified Public Accountants confirming that:

- a. nothing has come to their attention that causes them to believe that the above non-exempt continuing connected transactions have not been approved by the Board;
- b. for transactions involving the provision of services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap set by the Company.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2025, the Company was in compliance with the minimum public float requirement under the Listing Rules by maintaining its public float at the level of at least 25% of its total issued shares. As at 31 December 2025, the Company's public float was approximately 42.4% of its total issued shares.

Directors' Interest in Competing Business

Save and except as disclosed in the prospectus of the Company date 31 October 2017, the Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2025.

Deed of non-competition

The controlling shareholders of the Company, namely Mr. Fong, Ms. Tse, Mr. Huang, Mansion Green, Hero Dragon, Fineland Group Holdings, Widethrive Investment, Stand Smooth, Aspiring Vision and Huiyu Investment (each the “**Obligor**” and collectively the “**Obligors**”) the deed of non-competition dated 23 October 2017 (the “**Deed of Non-competition**”). Pursuant to the Deed of Non-competition, each of the Obligors has irrevocably and unconditionally undertaken to our Company (for ourselves and as trustee for our subsidiaries) that, save and except as disclosed in the prospectus of the Company dated 31 October 2017, during the period that the Deed of Non-competition remains effective, he/she/it shall not, and shall procure that his/her/its close associates (other than any member of our Group) not to carry on or be engaged, concerned or interested, or otherwise be involved, directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group and any business of our Group may engage in from time to time within the PRC, Hong Kong and such other parts of the world where any member of our Group may operate from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/her/its close associates) in any company listed on a recognized stock exchange and at any time the relevant listed company shall have at least one shareholder (individually or with his/her/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of the relevant Obligor (individually or with his/her/its close associates).

Each of the Obligors further undertakes that if he/she/it or his/her/its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/she/it shall procure that his/her/its close associates to promptly notify our Group in writing and our Group shall have a right of first refusal to take up such opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Obligor(s) whether our Group will exercise the right of first refusal.

The independent non-executive Directors of the Company had reviewed the status of the compliance as well as confirmation by the controlling shareholders of the Company and, on the basis of such confirmation, are of the view that such controlling shareholders have complied with their non-competition undertakings under the Deed of Non-Competition and the non-competition undertakings have been enforced by the Company in accordance with its terms.

Competition and Conflict of Interests

During the year ended 31 December 2025, save as disclosed in the prospectus of the Company dated 31 October 2017, none of the Directors or controlling shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Indemnity of Directors

During the year ended 31 December 2025 and up to the date of this report, there were permitted indemnity provisions (within the meaning in Section 469 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) provided for in the Articles of Association of the Company.

The Company has maintained Directors' and officers' liability insurance starting from 1 December 2017, which provides appropriate cover for certain legal actions brought against its Directors and officers arising out of corporate activities.

DIRECTORS' REPORT

Directors and Controlling Shareholders' Material Interests in Transactions, Arrangements or Contracts of Significance

Except for the continuing connected transactions disclosed above and in the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, and in which a Director, a controlling shareholder or an entity connected with him had a material interest, subsisted at the end of the year or at any time during the year ended 31 December 2025.

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 during the year.

Environmental Policies and Performance

In light of the Group's principal activities, the Directors consider that the Group's business do not have any direct adverse impact on the environment. Nevertheless, the Group is committed to building an environmentally-friendly corporation that pays close attention to the conserving resources for its operation and raise environmental awareness within the Group. During the year, the key environmental impacts from the Group's operations relate to office energy and paper consumption. The Group strives to minimize any possible impacts or harms to the environment by, among others, establishing environmental policies and various procedures to be adopted in its usual and ordinary course of business reducing unnecessary usage of paper, conserving electricity and encouraging recycle of office supplies and other materials. Details on key environmental impacts will be disclosed in the Environmental, Social and Governance Report to be issued by the Company separately under the Environmental, Social and Governance Reporting Guide under Appendix C2 of the Listing Rules.

Compliance with Laws and Regulations

As at the date of this annual report, the Company has complied with all the relevant laws and regulations that have a significant impact on the operations of the Group.

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with relevant authorities effectively through effective communications.

The Group also complies with the requirements under the Companies Ordinance, the Listing Rules and the SFO for the disclosure of information and corporate governance.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. Apart from basic remuneration, share options may be granted under the share option scheme to eligible employees by reference of the Group's performance as well as individual's contribution. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

As at 31 December 2025, number of the employees was 1,437 (as at 31 December 2024: 1,632), the decrease was mainly due to decrease in real estate agency services segment and front-line staff of property management projects.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

DIRECTORS' REPORT

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regularly analyses and makes changes based on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Five Years Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 136 of the annual report.

Corporate Governance

Details of the corporate governance practices adopted by the Company are set out on pages 21 to 33 of this annual report.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to the Listing Rules and, based on contents of such confirmation, considers all the independent non-executive Directors to be independent and that they have met the specific independence guidelines as set out in the Listing Rules.

Review by Audit Committee

The audited financial statements of the Group for the year ended 31 December 2025 have been reviewed by the audit committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2025 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

Tax Relief and Exemption

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

Auditor

KTC Partners CPA Limited ("**KTC**") retire and, being eligible, offer themselves for re-appoint. A resolution for the re-appointment of KTC as auditor of the Company is to be proposed at the forthcoming annual general meeting.

BDO Limited has resigned as the auditor of the Company with effect from 28 October 2024. KTC has been appointed as the auditor of the Company following the resignation of BDO Limited with effect from 28 October 2024. For detailed information, please refer to the announcement of the Company dated 28 October 2024.

Save as disclosed herein, there has been no other change in auditors of the Group in the preceding three years.

By order of the board

Fong Ming
Chairman

Hong Kong, 27 March 2026

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINELAND LIVING SERVICES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Fineland Living Services Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 53 to 135, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB71,461,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB61,425,000. These conditions, along with other matters as set forth in Note 3(d), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in "Material Uncertainty Related to Going Concern" section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Estimated provision of expected credit losses of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature

We identified the estimated provision of expected credit losses (the "ECL") of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests as a key audit matter due to the significant management judgement and estimates involved in assessing the recoverability of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests as set out in Note 5(i).

Loss allowances for trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests are based on management's estimate of the lifetime ECLs to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue accounts receivable, customers' repayment history and customers' credit rating, financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

Independent professional valuer is engaged to assist the management's assessment of ECL allowance for trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests.

As disclosed in Notes 18 and 20, the carrying amounts of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests are RMB76,772,000, RMB12,550,000, RMB12,098,000 and RMB2,326,000, respectively as at 31 December 2025, after net off the provision of ECL of trade receivables, amounts due from related companies/former fellow subsidiaries, amounts due from related companies and non-controlling interests of RMB107,702,000, RMB95,256,000, RMB54,937,000 and RMB25,000 respectively as at 31 December 2025.

Our response:

Our procedures in relation to the estimated provision of ECL of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests included:

- Obtaining an understanding of the management process and the key controls in ECL assessment and assumptions made in determining the default rates for ECL assessment of the debtors using provision matrix and evaluating the reasonableness of principal quantitative, qualitative and forward-looking information adopted by the management;
- Testing, on a sample basis, the accuracy of aging of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature based on invoice date and due date as at the end of the reporting period to the underlying invoices;
- Testing the information used by the management to develop the provision matrix, on a sample basis, to the source documents;
- Evaluating the appropriateness of the expected loss rates applied by reference to the historical default rates;
- Evaluating the competency, capabilities and objectivity of the independent professional valuer of the Group and obtaining an understanding of the work of the management's expert;
- Evaluating the management's judgement in assessing the key assumptions and methodologies in deriving the ECL estimation;
- Checking the mathematical accuracy of the ECL calculations;
- Evaluating the reasonableness of forward-looking information used by the management by reference to available market information; and

INDEPENDENT AUDITOR'S REPORT

Estimated provision of expected credit losses of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature *(Continued)*

Our response: (Continued)

- Evaluating the outcome of prior period assessment of ECL of trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests to assess the effectiveness of management's estimation process.

Impairment assessment of goodwill

We identified impairment assessment of goodwill as a key audit matter due to significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of estimations made by the management of the Group associated with the recoverable amounts of the cash-generating units to which goodwill have been allocated.

As disclosed in Note 5(ii), the management assessed the impairment of goodwill by estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value-in-use ("VIU") and fair value less costs of disposal. The VIU calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates in revenue, estimated gross profit, estimated profit before tax and pre-tax discount rates. As disclosed in Note 28, the gross carrying amounts of goodwill were RMB47,646,000 as at 31 December 2025 and impairment loss of RMB11,890,000 was recognized during the year ended 31 December 2025.

Our response:

Our procedures in relation to the impairment assessment of goodwill included:

- Discussing with the management to understand the management process and the key controls in impairment assessment of goodwill and the key estimations made by the management in the impairment assessment of goodwill including the growth rates in revenue, estimated gross profit, estimated profit before tax and pre-tax discount rates;
- Evaluating the competency, capabilities and objectivity of the independent professional valuer engaged by management and obtaining an understanding of the work of the management's expert;
- Evaluating the methodologies and discount rates used by the Group for determining the recoverable amounts;
- Evaluating the reasonableness of the growth rates in revenue, estimated gross profit and estimated profit before tax, with reference to the current financial position and historical financial performance;
- Assessing the key factors in determining the discount rate and comparing to discount rate adopted in the same industry for reasonableness;
- Evaluating the reasonableness of the financial budgets approved by the management by comparing the actual results of those cash-generating units to the previously forecasted results used in the impairment assessment of goodwill;
- Evaluating the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount; and
- Checking the mathematical accuracy of the VIU calculations.

INDEPENDENT AUDITOR'S REPORT

Other Information in the Annual Report

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the 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 also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the 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 the purpose 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

KTC Partners CPA Limited

Certified Public Accountants

Wong Kin Shing

Practising Certificate no.: P07435

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	Notes	RMB'000	RMB'000
Revenue	7	350,756	369,101
Cost of services		(291,259)	(309,835)
Gross profit		59,497	59,266
Other income, losses and gains, net	8	5,001	(1,828)
Selling and marketing expenses		(613)	(168)
Administrative expenses		(40,323)	(47,538)
Impairment losses on financial assets, net	9	(66,605)	(90,062)
Impairment losses on goodwill	28	(11,890)	(7,818)
Finance costs		(47)	(1,184)
Loss before income tax	9	(54,980)	(89,332)
Income tax (expenses)/credits	12(a)	(16,481)	10,007
Loss for the year		(71,461)	(79,325)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(786)	(1,779)
Total comprehensive expense for the year		(72,247)	(81,104)
Loss attributable to:			
Owners of the Company		(52,480)	(76,931)
Non-controlling interests		(18,981)	(2,394)
		(71,461)	(79,325)
Total comprehensive expense attributable to:			
Owners of the Company		(53,266)	(78,710)
Non-controlling interests		(18,981)	(2,394)
		(72,247)	(81,104)
		RMB cents	RMB cents
Loss per share			
- Basic and diluted	14	(13.12)	(19.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	<i>15</i>	9,467	11,324
Investment properties	<i>16</i>	14,182	14,216
Right-of-use assets	<i>17(a)</i>	639	912
Financial assets at fair value through profit or loss	<i>21</i>	6,690	5,407
Goodwill	<i>28</i>	27,938	39,828
Other intangible assets	<i>29</i>	12,251	17,793
Deposit for acquisition of properties	<i>30</i>	487	3,977
Deferred tax assets	<i>12(c)</i>	2,647	28,107
Total non-current assets		74,301	121,564
Current assets			
Trade receivables	<i>18</i>	76,772	83,956
Deposits, prepayments and other receivables	<i>19</i>	51,336	53,870
Amounts due from related companies/former fellow subsidiaries	<i>20</i>	12,550	16,907
Amounts due from related companies	<i>20</i>	12,098	21,439
Amounts due from non-controlling interests	<i>20</i>	2,326	1,440
Financial assets at fair value through profit or loss	<i>21</i>	-	1,016
Restricted bank balances	<i>22</i>	1,390	1,785
Bank balances and cash	<i>22</i>	69,175	64,765
Total current assets		225,647	245,178
Current liabilities			
Trade payables	<i>23(a)</i>	74,162	74,466
Contract liabilities	<i>25</i>	75,504	52,978
Accruals and other payables	<i>23(b)</i>	130,045	131,321
Lease liabilities	<i>17(b)</i>	292	298
Amounts due to related companies/former fellow subsidiaries	<i>20</i>	1,035	2,260
Amounts due to related companies	<i>20</i>	-	21
Amounts due to non-controlling interests	<i>20</i>	1,804	159
Provisions	<i>24</i>	1,555	-
Tax payable		2,675	11,690
Total current liabilities		287,072	273,193
Net current liabilities		(61,425)	(28,015)
Total assets less current liabilities		12,876	93,549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	<i>17(b)</i>	438	696
Deferred tax liabilities	<i>12(c)</i>	6,045	7,129
Total non-current liabilities		6,483	7,825
Net assets		6,393	85,724
Capital and reserves			
Share capital	<i>26</i>	3,403	3,403
Reserves	<i>27</i>	(23,896)	30,652
Equity attributable to owners of the Company		(20,493)	34,055
Non-controlling interests	<i>37</i>	26,886	51,669
Total equity		6,393	85,724

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

Fong Ming
Executive Director

Sun Ligong
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Equity attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
1 January 2024	3,403	51,677	6,721	14,707	(4,402)	40,659	112,765	60,161	172,926
Loss for the year	-	-	-	-	-	(76,931)	(76,931)	(2,394)	(79,325)
Other comprehensive income									
Exchange differences on translation of the foreign operations	-	-	-	-	(1,779)	-	(1,779)	-	(1,779)
Total comprehensive income for the year	-	-	-	-	(1,779)	(76,931)	(78,710)	(2,394)	(81,104)
Capital contribution from the non- controlling interests	-	-	-	-	-	-	-	147	147
Profit appropriations to statutory reserve	-	-	-	1,703	-	(1,703)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(6,245)	(6,245)
As at 31 December 2024 and 1 January 2025	3,403	51,677	6,721	16,410	(6,181)	(37,975)	34,055	51,669	85,724
Loss for the year	-	-	-	-	-	(52,480)	(52,480)	(18,981)	(71,461)
Other comprehensive income									
Exchange differences on translation of the foreign operations	-	-	-	-	(786)	-	(786)	-	(786)
Total comprehensive income for the year	-	-	-	-	(786)	(52,480)	(53,266)	(18,981)	(72,247)
Disposal or deregistration of subsidiaries	-	-	-	(1,282)	-	-	(1,282)	(408)	(1,690)
Profit appropriations to statutory reserve	-	-	-	1,898	-	(1,898)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(5,394)	(5,394)
As at 31 December 2025	3,403	51,677	6,721	17,026	(6,967)	(92,353)	(20,493)	26,886	6,393

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Loss before income tax		(54,980)	(89,332)
Adjustments for:			
Interest income		(64)	(161)
Depreciation of property, plant and equipment	<i>15</i>	2,097	4,063
Depreciation of right-of-use assets	<i>17(a)</i>	273	320
Amortization of other intangible assets	<i>29</i>	5,542	5,543
Finance costs		47	1,184
Impairment losses on financial assets, net	<i>9</i>	66,605	90,062
Impairment losses on goodwill	<i>28</i>	11,890	7,818
Loss/(gain) on disposal of property, plant and equipment		122	(5)
Loss on disposal of investment property		-	55
Gain on disposal of subsidiaries	<i>42</i>	(754)	-
Gain on deregistration of subsidiaries	<i>43</i>	(3,809)	-
Exchange differences		(786)	(1,759)
Fair value loss on investment properties	<i>16</i>	856	944
Loss on derecognition of contingent consideration receivable	<i>21(c)</i>	-	3,855
Fair value gain on financial assets at fair value through profit or loss	<i>21(a)</i>	(1,283)	(591)
Operating profit before working capital changes		25,756	21,996
Increase in trade receivables		(20,187)	(24,259)
(Increase)/decrease in deposits, prepayments and other receivables		(2,892)	7,650
(Increase)/decrease in amounts due from related companies/former fellow subsidiaries		(10,079)	8,434
Increase in amounts due from related companies		(7,498)	(2,615)
(Increase)/decrease in amounts due from non-controlling interests		(751)	60
(Decrease)/increase in trade payables		(304)	3,110
Increase in contract liabilities		22,526	2,116
Increase/(decrease) in accruals and other payables		1,591	(2,299)
Increase in provisions		1,555	-
(Decrease)/increase in amounts due to related companies/former fellow subsidiaries		(1,225)	320
(Decrease)/increase in amounts due to related companies		(21)	21
Increase/(decrease) in amounts due to non-controlling interests		1,645	(100)
Cash generated from operations		10,116	14,434
Income tax paid		(2,034)	(2,459)
Net cash generated from operating activities		8,082	11,975

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Interest income received		64	161
Purchases of property, plant and equipment		(362)	(2,200)
Purchases of investment property		-	(361)
Proceeds from disposal of property, plant and equipment		-	288
Proceeds from disposal of investment property		-	46
Purchases of financial assets at fair value through profit or loss		-	(1,424)
Disposal of financial assets at fair value through profit or loss		1,016	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(6,186)
Disposal of subsidiaries, net of cash and cash equivalents disposed	42	859	-
Placement of restricted bank balances		395	859
Net cash generated from/(used in) investing activities		1,972	(8,817)
Cash flows from financing activities			
	<i>35(b)</i>		
Capital contribution from non-controlling interests		-	147
Interest paid		-	(563)
Dividends paid to non-controlling interests		(5,394)	(5,803)
Payment of principal portion of lease payments		(203)	(301)
Payment of interest portion of lease payments		(47)	(57)
Repayment of bank borrowings		-	(19,930)
Net cash used in financing activities		(5,644)	(26,507)
Net increase/(decrease) in cash and cash equivalents		4,410	(23,349)
Effect of foreign exchange rate changes		-	(20)
Cash and cash equivalents at beginning of year		64,765	88,134
Cash and cash equivalents at end of year		69,175	64,765
Analysis of balances of cash and cash equivalents			
Bank balances and cash		69,175	64,765

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Fineland Living Services Group Limited (the “**Company**”) was incorporated as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of professional property management services and value-added services for residential and non-residential properties in the People’s Republic of China (the “**PRC**”).

As at the beginning of the year ended 31 December 2024, the immediate holding company and ultimate holding company of the Company were Mansion Green Holdings Limited (“**Mansion Green**”) and Widethrive Investments Limited (“**Widethrive Investments**”), respectively, companies incorporated in the British Virgin Islands (the “**BVI**”) with limited liability and Mr. Fong Ming and Ms. Tse Lai Wai were parties act in concert in respect of the Company.

On 24 January 2024, Mr. Fong Ming, a former controlling shareholder of the Company, and Mansion Green entered into a share transfer agreement with an independent third party, Huiyu Investment Holdings Limited (“**Huiyu Investments**”), a company wholly-owned by Mr. Huang Peng. Pursuant to the share transfer agreement, Mr. Fong Ming and Mansion Green conditionally agreed to sell, and Huiyu Investment conditionally agreed to purchase, 60,000,000 shares of the Company, representing 15.00% of the total issued share capital of the Company, at a cash consideration of HK\$4,998,000 (being HK\$0.0833 per Share) (the “**Disposal**”). The share transfer agreement was conditional upon, among others, completion of the Share Swap (as defined below).

To facilitate the Disposal, Aspiring Vision Holdings Limited (“**Aspiring Vision**”), Stand Smooth Group Limited (“**Stand Smooth**”) and Mansion Green entered into a share swap agreement on 24 January 2024, pursuant to which Aspiring Vision conditionally agreed to transfer its 30% shareholding interests in Mansion Green to Stand Smooth in exchange for Mansion Green transferring 64,800,000 shares, representing 16.20% of the total issued share capital of the Company (the “**Share Swap**”) to Aspiring Vision.

On 24 January 2024, Mr. Fong Ming, Ms. Tse Lai Wa and Mr. Huang Peng entered into a deed of concert parties to formalize their relationship as parties acting in concert in respect of the Company, and Mr. Fong Ming continue to be the leader of the acting in concert group, with Mr. Huang Peng added as a new member.

The completion of the Share Swap and the Disposal (the “**Completion**”) had been taken place on 20 March 2024. Upon Completion, the Company was directly held as to 24.30% by Mansion Green, as to 16.20% by Aspiring Vision, as to 15.00% by Huiyu Investment and as to 0.99% by Mr. Huang Peng and/or Mr. Huang Peng’s spouse. Mr. Fong Ming, Ms. Tse Lai Wa, and Mr. Huang Peng have common control over the relevant activities of Company.

Since Fineland Group Holdings Company Limited (“**Fineland Group Holdings**”) and its subsidiaries (collectively the “**Fineland Group**”, excluding the Group) were controlled by Widethrive Investments, Fineland Group were fellow subsidiaries of the Group up until 20 March 2024. Upon Completion, the fellow subsidiaries with which the Group had transactions and balances for the year ended 31 December 2024 are no longer fellow subsidiaries but remain related parties of the Group. Therefore, transactions and balances with, those former fellow subsidiaries have been presented as transactions with, and balances with, ‘related companies/former fellow subsidiaries’ in these consolidated financial statements.

As at 31 December 2025, the directors of the Company (the “**Directors**”) consider that the Company was ultimately controlled by Mr. Fong Ming, Ms. Tse Lai Wa and Mr. Huang Peng.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

	Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 - Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKFRS Accounting Standards - Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
Amendments to HKAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company's subsidiaries established in the PRC. The functional currency of the Company is Hong Kong dollars ("**HK\$**"). All values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

(d) Going concern basis

The Group recorded a net loss of approximately RMB71,461,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB61,425,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors have taken the following measures to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) the shareholders of the Group have confirmed that they will provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due in the foreseeable future;
- (ii) the Group is taking active steps to negotiate the repayment of its liabilities. Subsequent to 31 December 2025, three suppliers of the Group have agreed not to demand for repayment for the amounts due to them with the aggregate amount of RMB16,752,000 before 31 May 2028;
- (iii) implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure; and
- (iv) the Directors anticipate that the Group will generate positive cash flows from its operations in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. BASIS OF PREPARATION *(Continued)*

(d) Going concern basis *(Continued)*

Provided that these measures can be successfully implemented by the Group to improve the liquidity of the Group, the Directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Moreover, the eventual outcome of these measures cannot be estimated with reasonable certainty. Hence there exist a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealized profits are eliminated in full in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognized in profit or loss.

The results of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognized in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Business combination *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognized at acquisition-date fair value. Subsequent adjustments to consideration are recognized against goodwill only to the extent that they arise from new information obtained with the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognized in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

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

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights to, variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position (Note 39), interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	20 years or the remaining lease period of the land use rights, whichever is the shorter
Furniture, fixtures and equipment	20%
Motor vehicles	25%
Computer equipment and software	10% to 33 ¹ / ₃ %
Leasehold improvements	Annual rates as determined by shorter of expected useful lives of 5 years and the unexpired period of the leases

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognized in profit or loss on disposal.

(d) Investment properties

Investment properties are buildings which are held under a leasehold interest to earn rentals or for capital appreciation.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

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

An investment property is derecognized upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognized in profit or loss.

(e) Leases

As a lessee

All leases are required to be capitalized in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

Right-of-use asset

The right-of-use asset is initially recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use asset is depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis.

Lease liability

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases *(Continued)*

Lease liability *(Continued)*

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

The useful lives and amortization method are reviewed, and adjusted if appropriate, at the end of the reporting period. Amortization is provided on a straight-line basis over their useful lives as follows:

Customer relationship	4 to 8 years
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Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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

(g) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as at amortized cost:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain on derecognition is recognized in profit or loss.

Equity investment

The Group classifies its equity investment which is not held for trading as at FVTPL whereby changes in fair value and dividend income are recognized in profit or loss.

(ii) Impairment loss on financial assets

The Group recognizes loss allowances for ECL on trade receivables and financial assets measured at amortized cost. The ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature using HKFRS 9 "Financial Instruments" simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating 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 analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Financial instruments *(Continued)*

(iii) Impairment loss on financial assets

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

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iv) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortized cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Financial instruments *(Continued)*

(iv) Financial liabilities *(Continued)*

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, accruals and other payables, bank borrowings and amounts due to related companies/former fellow subsidiaries, related companies and non-controlling interests are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in profit or loss.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

(v) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Financial instruments *(Continued)*

(vii) Derecognition *(Continued)*

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognized initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognized in profit or loss for the year.

(h) Impairment of non-financial assets (excluding goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, interests in subsidiaries and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

(j) Provisions and contingent liabilities

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(k) Taxation

Income tax represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognized assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of the reporting period.

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

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

Deferred tax liabilities are recognized for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(l) Translation of foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognized in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Translation of foreign currencies *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognized in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in the exchange reserve.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees rendered the related service.

(ii) Retirement benefits scheme

The Group's contributions to the defined contribution retirement scheme are recognized as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

(n) Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(o) Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax.

Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Revenue recognition *(Continued)*

If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the services.

Revenue from real estate agency services is recognized at a point in time when the service is rendered and the property buyer has executed the sale and purchase agreement and made the required payments according to the terms and conditions stated in different agency contracts, since only by that time the Group has an enforceable right to payment from the property developers for the services performed. The Group's commission rate receivable is variable based on a pre-agreed sales target. Before the Group met the agreed sales target, the Group will recognize revenue based on a lower commission rate. Until when the sales target is met, the Group will recognize the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods. Performance bonus for reaching sales target pre-agreed with certain property developers is only recognized to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primarily responsible for providing the property management services to the property owners, the Group recognizes the fee received or receivable from property owners as its revenue in the amount to which the Group has a right to bill and that corresponds directly with the services rendered, and all related property management costs as its cost of services. Revenue from property management services is recognized over time in the accounting period in which services are rendered.

Revenue from value-added services to non-property owners is recognized over time. The Group issues the monthly bill to the customers based on actual level of services provided at a pre-determined price when such services are rendered in that month.

Revenue from community value-added services is recognized when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customers.

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

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

Principal versus agent

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(o) Revenue recognition *(Continued)*

Principal versus agent *(Continued)*

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

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

(p) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognized in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less costs of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

The judgements in applying the Group's accounting policies, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of trade receivables, amounts due from related parties and non-controlling interests which are trade in nature

The Group makes allowance for impairment on trade receivables, amounts due from related companies/former fellow subsidiaries, related parties and non-controlling interests based on assessments of risk of default and ECL rates, details of which are set out in Note 33(a). The Group uses judgement in making these assessments and selecting the inputs in the estimation, based on the credit loss experience, aging of overdue accounts receivable, customers' repayment history and customers' credit rating, financial position and an assessment of both the current and forecast general economic conditions.

(ii) Impairment of goodwill

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

As at 31 December 2025, the carrying amount of goodwill is RMB27,938,000 (2024: RMB39,828,000), after net off the impairment loss of goodwill of RMB19,708,000 (2024: RMB7,818,000). Details of the recoverable amount calculation are disclosed in Note 28.

(iii) Revenue recognition of real estate agency services income

Management estimates the total consideration of real estate agency services income, including an estimate of variable consideration, received in exchange for the services rendered, accounting policy of which are set out in Note 4(o). The variable consideration is the amount for which it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in future period when the uncertainty associated with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

(iv) Deferred tax liabilities

Deferred tax liabilities have been accrued at a tax rate of 10% on the undistributed earnings of subsidiaries of the Company in the PRC after taking into consideration of the historical dividend records of the relevant subsidiaries of the Company, details of which are set out in Note 12(c).

The dividend policy of the relevant subsidiaries is subject to the financial and market conditions, the availability of funding and reserves available for distribution of the relevant subsidiaries. If the dividend policy of the relevant subsidiaries of the Company is changed, the deferred tax in relation to withholding tax of undistributed earnings would be changed accordingly.

(v) Estimated useful lives of intangible assets with finite useful lives

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

(vi) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets, observable market prices, transaction prices of similar assets in less active markets with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, or other valuation techniques, as appropriate, less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING

The Group has determined its operating segments and prepared segmental information based on regular internal financial information that is used to report the operating results of business units to the chief operating decision makers ("CODM"), i.e. the executive Directors, who are responsible for making strategic decisions. The CODM review the Group's internal reporting in order to assess the performance and allocate the resources and the Group has determined the operating segments based on these reports. The Group's reportable and operating segments are as follows:

- (i) provision of comprehensive real estate agency services; and
- (ii) provision of professional property management services.

Reportable segments

The CODM monitor the results of its service lines separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on the results from the reportable segments as explained in the table below.

	Year ended 31 December 2025		
	Real estate agency services RMB'000	Property management services RMB'000	Total RMB'000
Segment revenue			
External sales	719	350,037	350,756
Segment loss	(8,218)	(6,589)	(14,807)
Reconciliation:			
Unallocated corporate expenses			(40,173)
Loss before income tax			(54,980)

Unallocated corporate expenses mainly comprise legal and professional fees and certain employees' salaries and allowances.

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments, legal and professional fees and certain employees' salaries and allowances. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING (Continued)

	Year ended 31 December 2025		
	Real estate agency services RMB'000	Property management services RMB'000	Total RMB'000
Other segment information			
- Amounts included in the measure of segment results:			
Capital expenditure	-	429	429
Impairment losses on financial assets, net	7,459	59,146	66,605
Depreciation of property, plant and equipment	-	2,097	2,097
Depreciation of right-of-use assets	-	273	273
Amortization of other intangible assets	-	5,542	5,542
Finance costs	-	47	47
Fair value gain on financial assets at fair value through profit or loss	-	(1,283)	(1,283)
Fair value loss on investment properties	336	520	856
Impairment loss of goodwill	-	11,890	11,890

	Year ended 31 December 2024		
	Real estate agency services RMB'000	Property management services RMB'000	Total RMB'000
Segment revenue			
External sales	6,753	362,348	369,101
Segment (loss)/profit	(46,015)	6,095	(39,920)
Reconciliation:			
Loss on derecognition of contingent consideration receivable			(3,855)
Unallocated corporate expenses			(45,557)
Loss before income tax			(89,332)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. SEGMENT REPORTING (Continued)

	Year ended 31 December 2024		
	Real estate agency services RMB'000	Property management services RMB'000	Total RMB'000
Other segment information			
- Amounts included in the measure of segment results:			
Capital expenditure	-	2,200	2,200
Impairment losses on financial assets, net	46,490	43,572	90,062
Depreciation of property, plant and equipment	89	3,974	4,063
Depreciation of right-of-use assets	-	320	320
Amortization of other intangible assets	-	5,543	5,543
Finance costs	-	1,184	1,184
Fair value gain on financial assets at fair value through profit or loss	-	(591)	(591)
Fair value (gain)/loss on investment properties	(79)	1,023	944
Impairment loss of goodwill	-	7,818	7,818

Segment assets and liabilities

As the Group's segment assets and liabilities are not regularly reviewed by the CODM, the measure of total assets and liabilities for each operating segment is therefore not presented.

Geographical information

As the CODM consider the Group's revenue and results are all derived from provision of services in the PRC and no significant consolidated assets of the Group are located outside the PRC except bank balances in Hong Kong, geographical segment information is not considered necessary.

Information about major customers

The revenue generated from each customer for the year ended 31 December 2024 and 31 December 2025 did not individually exceed 10% of the Group's total revenue of each of these years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

7. REVENUE

Disaggregation of revenue by each significant category and timing of revenue recognition are as follows:

Reportable segment/ Type of goods or services	Revenue from customers And recognized	2025 RMB'000	2024 RMB'000
Real estate agency services			
Real estate agency services income	at a point in time	719	6,753
Property management services			
Property management services income	over time	303,049	303,733
Value-added services to non-property owners	over time	8,831	13,106
Community value-added services			
- Other value-added services	at a point in time	37,742	44,441
- Sales of goods	over time	415	1,068
		350,037	362,348
		350,756	369,101

Unsatisfied performance obligations

For property management services income, the Group recognizes revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts is generally set to expire when the counterparties notify the Group that the services are no longer required.

Value-added services to non-property owners and community value-added services are rendered over a short period of time and there is no unsatisfied performance obligation at the end of respective periods.

8. OTHER INCOME, LOSSES AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Fair value loss on investment properties	(856)	(944)
Government grants (Note)	64	364
Interest income	64	161
Loss on derecognition of contingent consideration receivable (Notes 21(c))	-	(3,855)
Gain on disposal of subsidiaries (Note 42)	754	-
Gain on deregistration of subsidiaries (Note 43)	3,809	-
Exchange (loss)/gains, net	(789)	1,759
Fair value gain on financial assets at fair value through profit or loss (Note 21(a))	1,283	591
Others	672	96
	5,001	(1,828)

Note:

The government grants mainly represent refunds of value-added tax and other taxes benefits from the PRC tax authorities. There were no unfulfilled conditions relating to the grants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9. LOSS BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2025	2024
	RMB'000	RMB'000
Auditor's remuneration		
- audit services	1,518	1,552
Amortization of other intangible assets (included in administrative expenses)	5,542	5,543
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	2,097	4,063
Depreciation of right-of-use assets (included in cost of services)	273	320
Loss/(gain) on disposal of property, plant and equipment	122	(5)
Interest expenses on lease liabilities	47	57
Interest expenses on bank borrowings	-	1,127
Employee benefit expenses (<i>Note 10</i>)	140,096	150,600
Facility and equipment operating costs (included in cost of services)	39,036	36,769
Cleaning and hygiene costs (included in cost of services)	53,809	53,762
Community order maintenance costs (included in cost of services)	58,726	68,236
Green space maintenance costs (included in cost of services)	9,025	9,595
Short-term lease expenses	2,807	4,043
Impairment losses/(reversal of impairment losses) on financial assets, net, recognized on: (<i>Note (i)</i>)		
- trade receivables	27,371	43,617
- amounts due from related companies/former fellow subsidiaries	14,436	22,605
- amounts due from related companies	16,017	21,854
- amount due from non-controlling interests	(135)	44
- deposits for acquisition of properties	3,490	(89)
- other receivables	5,426	2,031
	66,605	90,062

Note:

- (i) Details of impairment assessment are set out in Note 33(a).
- (ii) Depreciation of property, plant and equipment amounting to approximately RMB1,175,000 (2024: RMB2,686,000) are included in cost of services and amounting to approximately RMB922,000 (2024: RMB1,377,000) are included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses (including directors' emoluments (Note 11)) comprise:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and other benefits	125,338	139,614
Contributions to retirement benefits scheme	14,758	10,986
	140,096	150,600

Salaries, allowances and other benefits were charged to the following categories in the consolidated statements of profit or loss and other comprehensive income:

	2025	2024
	RMB'000	RMB'000
Cost of services	105,064	115,124
Administrative expenses	20,274	24,490
	125,338	139,614

Contributions to retirement benefits scheme were charged to the following categories in the consolidated statements of profit or loss and other comprehensive income:

	2025	2024
	RMB'000	RMB'000
Cost of services	12,909	9,094
Administrative expenses	1,849	1,892
	14,758	10,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVES) AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments (including Chief Executives)

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to retirement benefits scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Executive directors					
Mr. Fong Ming*	13	621	-	77	711
Mr. Sun Ligong**	-	609	118	24	751
Mr. Han Shuguang	-	1,069	100	102	1,271
Ms. Tse Lai Wa	-	60	-	-	60
Independent non-executive directors					
Mr. Leung Wai Hung	166	-	-	-	166
Mr. Tian Qiusheng	131	-	-	-	131
Mr. Du Chenhua	131	-	-	-	131
	441	2,359	218	203	3,221

* Mr. Fong Ming resigned as a non-executive director and was re-appointed as an executive director on 17 March 2025.

** Mr. Sun Ligong was appointed as an executive director on 17 March 2025.

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to retirement benefits scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive directors					
Mr. Han Shuguang	-	1,247	100	87	1,434
Ms. Tse Lai Wa	-	60	-	-	60
Non-executive director					
Mr. Fong Ming	60	-	-	-	60
Independent non-executive directors					
Mr. Leung Wai Hung	166	-	-	-	166
Mr. Tian Qiusheng	131	-	-	-	131
Mr. Du Chenhua	131	-	-	-	131
	488	1,307	100	87	1,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DIRECTORS' EMOLUMENTS (INCLUDING CHIEF EXECUTIVES) AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

(a) Directors' emoluments (including Chief Executives) *(Continued)*

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for non-renewal of employment agreement according to laws and regulations in the PRC. In addition, none of the directors waived or agreed to waive any remuneration during the year (2024: RMBNil).

The discretionary bonuses are determined by reference to the financial performance of the Group and the performance of the individual director for the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group included three directors (2024: one director) of the Company during the year, whose emoluments are included in the analysis presented in Note 11(a). The emoluments of the remaining two (2024: four) non-directors, highest paid individuals for the year, are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and other benefits	831	3,103
Discretionary bonuses	167	374
Contributions to retirement benefits scheme	122	163
	1,120	3,640

During the year, no remuneration was paid by the Group to the highest paid individuals above as an inducement to join or upon joining the Group or as compensation for loss of office (2024: RMBNil).

The number of non-director, highest paid individuals whose emoluments fell within the following band:

	2025	2024
HK\$Nil to HK\$1,000,000 (equivalent to approximately RMBNil to RMB920,000) (2024: equivalent to approximately RMBNil to RMB924,000)	2	4

The emoluments paid or payable to members of senior management were within the following band:

	2025	2024
HK\$Nil to HK\$1,000,000 (equivalent to approximately RMBNil to RMB920,000) (2024: equivalent to approximately RMBNil to RMB924,000)	2	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES/(CREDITS)

- (a) The amounts of income tax in the consolidated statement of profit or loss and other comprehensive income represent:

	2025	2024
	RMB'000	RMB'000
Current tax - PRC Enterprise Income Tax ("EIT")		
- provision for the year	2,825	1,531
- over-provision of previous years (<i>note (iii)</i>)	(10,364)	-
Deferred tax (<i>Note 12(c)</i>)	24,020	(11,538)
	16,481	(10,007)

Notes:

- (i) No Hong Kong profits tax has been provided as the Group has no estimated assessable profits arising in Hong Kong for the current and prior years.
- (ii) Under the PRC EIT Law, the Group's PRC entities are subject to income tax at a rate of 25%, except for certain subsidiaries which qualified as small enterprises and enjoy preferential income tax rate of 5% (2024: 5%) respectively for the year ended 31 December 2025.
- (iii) Pursuant to the requirements of the Article 52 of the Tax Administration and Collection Law, "Tax authorities may within three years collect taxation and late payment fee if the non-payment or underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations of tax collection may be extended to five years under special circumstances".

During the year ended 31 December 2025, the management of the Group, after consulting with a PRC tax expert in mainland China, reversed the over-provision of income tax expense in profit or loss of approximately RMB10,364,000. Approximately RMB10,061,000 of this amount was provided for three subsidiaries during the years 2016 to 2019. As the collection period had expired and lapsed, the management considers that it is not probable that the Group would be requested to pay the income tax expense of RMB10,061,000 for the years from 2016 to 2019.

The remaining RMB303,000 reversed was provided for the year from 2021 to 2022 by four subsidiaries. Based on the advice obtained from the Group's tax expert, and the fact that these subsidiaries did not receive any income tax demands from the tax bureau up to 31 December 2025. The management considers that it is not probable that the Group would be requested to pay the income tax expense of RMB303,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES/(CREDITS) (Continued)

- (b) Income tax for the year can be reconciled to loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025	2024
	RMB'000	RMB'000
Loss before income tax	(54,980)	(89,332)
Taxation calculated at PRC EIT rate of 25% (2024: 25%)	(13,745)	(22,333)
Tax effect of different tax rates of subsidiaries with low profits	(6,099)	(6,016)
Tax effect of revenue not taxable for tax purposes	(1,618)	(2,093)
Tax effect of expenses not deductible for tax purposes	9,385	4,578
Tax effect of deductible temporary differences not recognized	34,912	11,948
Tax effect of tax losses not recognized	4,010	3,909
Over provision of tax expense in prior years	(10,364)	-
Income tax expenses/(credits) for the year	16,481	(10,007)

(c) Deferred tax

The movements in deferred tax liabilities and assets during the current and prior years are as follows:

	Tax losses	Impairment of financial assets	Fair value adjustments on acquisition of subsidiaries	Undistributed earnings of a subsidiary in the PRC	Fair value gain on financial assets at fair value through profit or loss	Fair value gain on investment property at fair value through profit or loss	Fair value loss on investment property at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	(3,212)	(14,590)	5,834	2,528	-	-	-	(9,440)
(Credited)/charged to profit or loss (Note 12(a))	(880)	(9,168)	(1,386)	-	133	20	(257)	(11,538)
As at 31 December 2024 and 1 January 2025	(4,092)	(23,758)	4,448	2,528	133	20	(257)	(20,978)
Disposal of subsidiaries	-	356	-	-	-	-	-	356
(Charged)/credited to profit or loss (Note 12(a))	3,914	20,933	(1,386)	-	322	(20)	257	24,020
As at 31 December 2025	(178)	(2,469)	3,062	2,528	455	-	-	3,398

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025	2024
	RMB'000	RMB'000
Deferred tax assets	2,647	28,107
Deferred tax liabilities	(6,045)	(7,129)
	(3,398)	20,978

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FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES/(CREDITS) (Continued)**(c) Deferred tax (Continued)**

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% for the unremitted earnings of the PRC subsidiaries. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2025, no deferred tax liability was provided for the withholding tax that would be payable on certain unremitted earnings amounting to RMB291,086,000 (2024: RMB266,345,000). Such amount of unremitted earnings was expected to be retained by the PRC subsidiaries and not be remitted to a foreign investor in the foreseeable future based on management's estimation of funding requirements.

As at 31 December 2025, the Group had unused tax losses of approximately RMB16,755,000 (2024: RMB16,245,000) available for offset against future profits of certain subsidiaries. A deferred tax asset has been recognized in respect of approximately RMB178,000 (2024: RMB4,092,000) of such losses.

As at 31 December 2025, the Group had unrecognized deferred tax arising from impairment of financial assets of approximately RMB24,671,000 (2024: RMB9,558,000).

The unused tax losses will be available within five years (2024: five to ten years) for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2025 and 2024, the Group did not have other material unrecognized deferred tax.

13. DIVIDENDS

No dividend was paid or declared by the Company during the year (2024: Nil), nor has any dividend been proposed since the end of the current reporting period.

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2025	2024
Loss for the year attributable to the owners of the Company (RMB'000)	(52,480)	(76,931)
Weighted average number of ordinary shares for the purpose of basic loss per share	400,000,000	400,000,000

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 December 2025 and 2024.

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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Computer equipment and software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
As at 1 January 2024	4,455	5,367	1,750	1,478	9,733	22,783
Additions	546	-	206	275	1,986	3,013
Reclassification to investment properties (<i>Note 16</i>)	(534)	-	-	-	-	(534)
Disposals	-	(163)	(661)	(114)	(238)	(1,176)
As at 31 December 2024 and 1 January 2025	4,467	5,204	1,295	1,639	11,481	24,086
Additions	-	-	245	14	103	362
Disposals	-	-	(36)	(160)	(59)	(255)
As at 31 December 2025	4,467	5,204	1,504	1,493	11,525	24,193
Accumulated depreciation						
As at 1 January 2024	(425)	(2,543)	(1,011)	(128)	(5,593)	(9,700)
Depreciation for the year	(191)	(1,877)	(312)	(366)	(1,317)	(4,063)
Reclassification to investment properties (<i>Note 16</i>)	108	-	-	-	-	108
Eliminated on disposals	-	163	536	5	189	893
As at 31 December 2024 and 1 January 2025	(508)	(4,257)	(787)	(489)	(6,721)	(12,762)
Depreciation for the year	(107)	(497)	(193)	(353)	(947)	(2,097)
Eliminated on disposals	-	-	36	82	15	133
As at 31 December 2025	(615)	(4,754)	(944)	(760)	(7,653)	(14,726)
Net carrying amount						
As at 31 December 2025	3,852	450	560	733	3,872	9,467
As at 31 December 2024	3,959	947	508	1,150	4,760	11,324

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16. INVESTMENT PROPERTIES

The Group has the intention to hold investment properties to earn rentals or for capital appreciation. As at 31 December 2025, the Group leases out one (2024: one) investment property which is a shop, and the Group has the intention to hold remaining investment properties which are ten (2024: ten) shops, eight (2024: five) car parking spaces and one (2024: nil) residential property to earn rentals or for capital appreciation.

Investment properties were revalued at 31 December 2025 and 2024 on market value basis by reference to market evidence of recent transactions for similar properties by Cushman & Wakefield Limited, an independent firm of chartered surveyors. The Financial Controller works closely with Cushman & Wakefield Limited to establish the appropriate valuation techniques and inputs to the valuation model. The Financial Controller reports to the Directors every year to explain the cause of fluctuations in the fair value of the investment properties.

The professionals engaged to value the Group's investment properties in Cushman & Wakefield Limited are independent, qualified valuers not connected with the Group, and are members of the Royal Institution of Chartered Surveyors. The professionals of Cushman & Wakefield Limited possess appropriate qualifications and experience in the valuation of properties in the relevant locations. All of the Group's investment properties were valued by Cushman & Wakefield Limited using market comparison method assuming sale of each property in existing state with the benefit of immediate vacant possession and by making reference to comparables evidences as available in the relevant market.

A shop of the Group, with a fair value of RMB613,000 as at 31 December 2025 (2024: RMB686,000), was frozen by the relevant regulatory authorities on 20 October 2025 for auction or sale due to the Group's loss in a labor arbitration case (Note 23). As at 31 December 2025 and up to the date of this report, the auction or sale for the shop has not yet been completed.

	2025	2024
	RMB'000	RMB'000
At 1 January	14,216	-
Additions (<i>Note 31(l)</i>)	822	14,835
Reclassification from property, plant and equipment	-	426
Disposals	-	(101)
Fair value loss	(856)	(944)
At 31 December	14,182	14,216

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FOR THE YEAR ENDED 31 DECEMBER 2025

16. INVESTMENT PROPERTIES *(Continued)*

In estimating the fair value of the properties, the highest and best use of the properties is their current use. Details of valuation for investment properties for the year ended 31 December 2025 and 2024 are as follows:

Description	Valuation technique	Significant unobservable inputs	Effect on fair value for increase of inputs	Fair value	
				2025	2024
				RMB'000	RMB'000
Investment properties - car park in the PRC	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar car park, adjusted for nature, location and conditions of the car park, which is RMB4,000 (2024: RMB4,000) per square meter ("sqm").	Increase	750	545
Investment properties - shop in the PRC	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar shop adjusted for nature, location and conditions of the shop, which ranged from RMB7,000 to RMB21,000 (2024: RMB8,000 to RMB22,000) per sqm.	Increase	12,930	13,671
Investment properties - residential property in the PRC	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar residential property adjusted for nature, location and conditions of the residential property, which is RMB5,000 (2024: N/A) sqm.	Increase	502	N/A

The fair value measurement is categorized into Level 3 fair value hierarchy.

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FOR THE YEAR ENDED 31 DECEMBER 2025

17. LEASES

The Group entered into a number of lease agreements for the use of office and shop premises and car park spaces in the PRC with lease terms of from 2 to 6 years (2024: 2 to 6 years). The lease agreements do not have extension or termination options.

During the year ended 31 December 2024, the Group entered into a new lease contract. As a result of lease commencement, right-of-use assets with costs of RMB94,000 and the corresponding lease liabilities of RMB94,000 were recognized accordingly.

During the year ended 31 December 2025, no lease contract was entered into by the Group.

(a) Right-of-use assets

	Office and shop premises RMB'000
Cost	
As at 1 January 2024	1,299
Additions	94
Lease termination	(128)
As at 31 December 2024, 1 January 2025 and 31 December 2025	1,265
Accumulated depreciation	
As at 1 January 2024	(161)
Depreciation for the year	(320)
Lease termination	128
As at 31 December 2024 and 1 January 2025	(353)
Depreciation for the year	(273)
As at 31 December 2025	(626)
Net carrying amount	
As at 31 December 2025	639
As at 31 December 2024	912

Right-of-use assets of RMB487,000 (2024: RMB682,000) were included in the CGU of Finland E-life and the remaining right-of-use assets of RMB152,000 (2024: RMB230,000) were included in the CGU of Yikang. Please refer to Note 28 for impairment assessment of the respective CGUs.

Total cash outflow for leases included in the consolidated statement of cash flows:

	2025 RMB'000	2024 RMB'000
Within operating activities	2,807	4,043
Within financing activities	250	358
	3,057	4,401

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FOR THE YEAR ENDED 31 DECEMBER 2025

17. LEASES (Continued)**(b) Lease liabilities**

The incremental borrowing rates (“IBR”) applied to lease liabilities at the inception date of the lease contract ranged from 3.20% to 26.37% were by reference to the IBR estimated by Cushman & Wakefield, a valuation expert engaged by the Group.

	2025 RMB'000	2024 RMB'000
Current liabilities	292	298
Non-current liabilities	438	696
	730	994

	Present value RMB'000	Interest RMB'000	Minimum lease payment RMB'000
As at 31 December 2025			
Not later than one year	292	9	301
Later than one year and not later than two years	256	15	271
Later than two years and not later than five years	182	22	204
After five years	-	-	-
	730	46	776

	Present value RMB'000	Interest RMB'000	Minimum lease payment RMB'000
As at 31 December 2024			
Not later than one year	298	13	311
Later than one year and not later than two years	275	26	301
Later than two years and not later than five years	421	53	474
After five years	-	-	-
	994	92	1,086

During the year, the major short-term leases that the Group acted as a lessee were as follows:

Underlying assets	Actual lease term	Annual rent RMB'000
Property II	12 months	1,888

Short-term lease expenses included in loss before income tax (Note 9).

At the end of the reporting period, the Group did not have any commitment related to the short-term leases.

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FOR THE YEAR ENDED 31 DECEMBER 2025

18. TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	184,474	166,224
Less: Impairment losses	(107,702)	(82,268)
	76,772	83,956

Trade receivables are mainly receivables of property management services income and real estate agency services income and no credit terms are granted generally. For property management services income, the customers are required to settle the invoices which are due on presentation. For real estate agency services income, the customers are required to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of trade receivables (net of impairment losses) based on invoice date (which is also the due date) as at the end of the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	55,074	61,946
1 to 2 years	17,053	17,975
Over 2 years	4,645	4,035
	76,772	83,956

The Directors consider that the carrying amounts of trade receivables approximate their fair values.

No interest is charged on trade receivables.

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECLs provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Movements in the provision for impairment of trade receivables are shown in Note 33(a). For the year ended 31 December 2025, additional provision of RMB27,371,000 (2024: RMB43,617,000) was made against the gross amounts of trade receivables.

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FOR THE YEAR ENDED 31 DECEMBER 2025

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Rental and utility deposits	1,583	1,107
Prepayments (<i>Note (a)</i>)	10,928	9,725
Other receivables and deposits (<i>Note (b)</i>)	38,747	38,362
Payment on behalf of property owners	9,921	9,093
	61,179	58,287
Less: Impairment losses	(9,843)	(4,417)
	51,336	53,870

Movements in the loss allowance account in respect of other receivables and deposits during the year are as follows:

	2025	2024
	RMB'000	RMB'000
As at 1 January	4,417	2,386
Impairment losses recognized during the year (<i>Note 33 (a)</i>)	5,426	2,031
As at 31 December	9,843	4,417

Notes:

- (a) The balance represents prepaid utilities, cleaning fee, fuel for motor vehicles and maintenance fund. The remaining prepayments will be subsequently recognized as administrative expenses when the Group consumes the benefits of such expenses.
- (b) As at 31 December 2025, other receivables and deposits included refundable deposits paid to sub-contracted real estate agents of approximately RMB894,000 (2024: RMB894,000) in accordance with the underlying agreements to enable them to carry out the real estate agency services to the Group in the primary market projects situated in the PRC. The deposits will be released to the Group upon completion of the respective agreements with terms that are generally less than one year. The remaining balances mainly included medical insurance, bidding for property management services and housing public maintenance fund.

As at 31 December 2025, included in other receivables and deposits was RMB15,000,000 (2024: RMB15,000,000), which represented deposits paid to property developers that are independent third parties in accordance with the relevant agreement to obtain the agency sales rights of the parking spaces in order to sell the right-of-use of car parking space. The agency sales rights of the car parking spaces will continue until the Group sell the right-of-use of these car parking spaces. The deposit of RMB10,000,000 was paid in December 2022 and the deposit of RMB5,000,000 was paid in December 2023. The Group has the right to recover the deposits if the right-of-use of car parking space fails to be sold within one year. For the year ended 31 December 2025, the Group provided the ECL for these deposits of RMB2,817,000 (2024: RMB500,000) with reference to a valuation performed by Cushman & Wakefield, an independent expert valuation firm.

The remaining balances mainly included property management fees temporarily collected on behalf of the Group by an independent third-party service company of RMB5,322,000 (2024: RMB4,670,000), medical insurance, bidding for property management services and housing public maintenance fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. AMOUNTS DUE FROM/TO RELATED COMPANIES/FORMER FELLOW SUBSIDIARIES, RELATED COMPANIES AND NON-CONTROLLING INTERESTS

The amounts due from/to related companies/former fellow subsidiaries, related companies and non-controlling interests as at 31 December 2024 and 2025 are trade in nature, unsecured, and interest-free and they are obliged to settle the amounts due upon completion of services provided or pursuant to the terms and conditions of the relevant agreements. Apart from Fineland Group disclosed in Note 1, the related companies include investee companies of the Fineland Group and there are common directors between Fineland Group Holdings and the investee companies.

Included in the amounts due from related companies/former fellow subsidiaries at the reporting date are earnest money of RMB3,638,000 (2024: RMB5,523,000), after impairment losses of RMB26,179,000 (2024: RMB24,294,000) paid by the Group to the property developers enabling the Group to entitle to an exclusive agency right to sell properties relating to certain primary market projects in the PRC during an agreed period (“**Exclusivity Period**”). The earnest money will be released to the Group at the end of the Exclusivity Period as stipulated in the respective agreements.

The impairment policies on amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests during the years ended 31 December 2024 and 2025 are set out in Note 33(a).

The ageing analysis of amounts due from fellow subsidiaries, related companies and non-controlling interests, based on invoice date (which is also the due date), is as follows:

	2025	2024
	RMB'000	RMB'000
Amounts due from related companies/former fellow subsidiaries	107,806	97,727
Less: Impairment losses	(95,256)	(80,820)
	12,550	16,907
Within 1 year	632	846
1 to 2 years	535	962
Over 2 years	11,383	15,099
	12,550	16,907

Movements in the loss allowance account in respect of amounts due from related companies/former fellow subsidiaries during the year are as follows:

	2025	2024
	RMB'000	RMB'000
As at 1 January	80,820	58,215
Impairment losses recognized during the year	14,436	22,605
As at 31 December	95,256	80,820

The increase in impairment loss allowance of approximately RMB14,436,000 (2024: RMB22,605,000) is primarily due to increase in gross carrying amount of amounts due from related companies/former fellow subsidiaries have increased.

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20. AMOUNTS DUE FROM/TO RELATED COMPANIES/FORMER FELLOW SUBSIDIARIES, RELATED COMPANIES AND NON-CONTROLLING INTERESTS *(Continued)*

	2025	2024
	RMB'000	RMB'000
Amounts due from related companies	67,035	63,802
Less: Impairment losses	(54,937)	(42,363)
	12,098	21,439
Within 1 year	260	2,905
Over 1 year	11,838	18,534
	12,098	21,439

Movements in the loss allowance account in respect of amounts due from related companies former fellow subsidiaries during the year are as follows:

	2025	2024
	RMB'000	RMB'000
As at 1 January	42,363	20,509
Impairment losses recognized during the year	16,017	21,854
Impairment losses written off during the year	(3,443)	-
As at 31 December	54,937	42,363

	2025	2024
	RMB'000	RMB'000
Amounts due from non-controlling interests	2,351	1,600
Less: Impairment losses	(25)	(160)
	2,326	1,440
Within 1 year	2,326	-
Over 1 year	-	1,440
	2,326	1,440

Movements in the loss allowance account in respect of amounts due from non-controlling interests during the year are as follows:

	2025	2024
	RMB'000	RMB'000
As at 1 January	160	116
Impairment losses (reversed)/recognized during the year	(135)	44
As at 31 December	25	160

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20. AMOUNTS DUE FROM/TO RELATED COMPANIES/FORMER FELLOW SUBSIDIARIES, RELATED COMPANIES AND NON-CONTROLLING INTERESTS *(Continued)*

The ageing analysis of amounts due to related companies/former fellow subsidiaries, related companies and non-controlling interests based on invoice date (which is also the due date) as at the end of the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
Amounts due to related companies/former fellow subsidiaries		
Within 1 year	494	2,260
Over 1 year	541	-
	1,035	2,260

	2025	2024
	RMB'000	RMB'000
Amounts due to related companies		
Within 1 year	-	21

	2025	2024
	RMB'000	RMB'000
Amounts due to non-controlling interests		
Within 1 year	120	159
Over 1 year	1,684	-
	1,804	159

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	RMB'000	RMB'000
Unlisted partnership investments, at fair value <i>(Note (a))</i>	6,690	5,407
Unlisted investments, at fair value <i>(Note (b))</i>	-	1,016
Contingent consideration receivable <i>(Note (c))</i>	-	-
	6,690	6,423
Categorised as:		
Non-current portion	6,690	5,407
Current portion	-	1,016
	6,690	6,423

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes:

- (a) On 31 July 2023, the Group acquired 15% of the equity interests in Guangzhou Haofang Xihui Investment Partnership (L.P.) (formerly known as Shenzhen Haofang Xihui Investment Partnership (L.P.)) ("**Guangzhou Haofang Xihui**") from an independent third party for a cash consideration of RMB1,264,000. On 12 August 2024, the Group further acquired 10% of the equity interest in Guangzhou Haofang Xihui from an independent third party for a cash consideration of RMB924,000. The principal activity of Guangzhou Haofang Xihui is engaged in investment in private equities. The objective of Guangzhou Haofang Xihui is to achieve capital appreciation through equity investments. Under the partnership agreement, the Group is one of the limited partners who do not have the power to participate in the financial and operating policy decisions of Guangzhou Haofang Xihui while the general partner, who is an independent third party, has the rights and power to administer the daily affairs of Guangzhou Haofang Xihui. The Group's maximum exposure to loss from its interest in the partnership is limited to the carrying amount of RMB2,488,000 (2024: RMB2,080,000).

On 8 July 2022, the Group acquired 40% of the equity interests in Guangzhou Yijia Investment Partnership (L.P.) (formerly known as Shenzhen Lejia Yida Investment Partnership (L.P.)) ("**Guangzhou Yijia**") from an independent third party for a cash consideration of RMB3,370,000. The principal activity of Guangzhou Yijia is engaged in investment in private equities. The objective of Guangzhou Yijia is to achieve capital appreciation through equity investments. Under the partnership agreement, the Group is one of the limited partners who do not have the power to participate in the financial and operating policy decisions of Guangzhou Yijia while the general partner, who is an independent third party, has the rights and power to administer the daily affairs of Guangzhou Yijia. The Group's maximum exposure to loss from its interest in the partnership is limited to the carrying amount of RMB4,202,000 (2024: RMB3,327,000).

As at 31 December 2025, the fair value of the partnership investments was RMB6,690,000 (2024: RMB5,407,000). The fair value gain of RMB1,283,000 (2024: RMB533,000) on the partnership investments is recognized in "other income, losses and gains, net" in the consolidated statement of profit or loss and other comprehensive income (Note 8).

For fair value estimation, please refer to Note 33 (e).

- (b) The unlisted investments were wealth management products issued by a bank in the PRC. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The wealth management products are classified as current as the management expects to realize these financial assets within twelve months after the reporting period.

For fair value estimation, please refer to Note 33 (e).

- (c) Contingent consideration payable/receivable represents the fair value of contingent consideration which may be paid or received in cash by the Group for the acquisition of Changsha Ji Yang Hong Property Management Co., Ltd. ("**Ji Yang Hong**") and Guangdong Yikang Property Service Co., Ltd. ("**Yikang**").

- (i) Yikang

On 25 October 2021, the Group entered into a share purchase agreement with Shanghai Lvbaoyuan Business Management Partnership (Limited Partnership), a limited partnership established under the laws of PRC, ultimately owned by independent third parties, to acquire 60% of the equity interests in Guangdong Yikang Property Service Co., Ltd. (the "**Yikang Acquisition**") at a cash consideration of RMB17,199,000 and contingent consideration up to RMB5,793,000 in aggregate.

The contingent consideration will be paid or received by instalments in cash. The Group has the right to adjust the consideration if the related targets on Yikang, mainly net profit targets for the years ended 31 December 2021, 2022 and 2023, are not fulfilled. The guarantee period was mature on 31 December 2023.

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)*Notes: (Continued)*

(i) Yikang (Continued)

As at 31 December 2022, there was no payment of contingent consideration. As set out in the relevant agreement, the performance target of operating profits is at least RMB5,086,000, RMB5,594,000 and RMB6,154,000 in 2021, 2022 and 2023 respectively. As the actual net profit for the year ended 31 December 2021 did not meet the 2021 guaranteed profit, approximately RMB10.7 million was deducted from the consideration. As the deduction amount exceeded the third instalment, pursuant to the share purchase agreement, the vendor agreed to pay the purchaser the difference between the deduction amount and the third instalment, which is approximately RMB5.5 million. As the actual net profit for the year ended 31 December 2022 did not meet the 2022 guaranteed profit, the consideration was deducted by RMB4,178,000 and recognised as fair value gain on contingent consideration payable.

As at 31 December 2023, the expected net profit of Yikang for the year ended 31 December 2023 did not meet the 2023 guaranteed profit and accordingly, the consideration was deducted by RMB5,470,000 which has been recognized as fair value gain on contingent consideration payable as set out in Note 8. The balance of the consideration of RMB3,855,000 is expected to be received in 2024.

As at 31 December 2024, the contingent consideration receivable was derecognized as the management is of the opinion that it is unlikely to be recovered. The resulting loss on contingent consideration receivable of RMB3,855,000 was recognized in "other income, losses and gains, net" in the consolidated statement of profit or loss and other comprehensive income (Note 8).

On 26 March 2025, the Purchaser and the Vendor have mutually agreed on the settlement arrangement for the outstanding balance in relation to the last payment installment of the consideration for the Yikang Acquisition. The Board is of the view that such settlement arrangement is fair and reasonable and in the interests of the Shareholders as a whole and that the Vendor has fulfilled all of its profit guarantee obligations under the Share Purchase Agreement. Please refer to the announcement of the Company in relation to the profit guarantee arrangement for Yikang Acquisition dated 26 March 2025 for further information.

(ii) Ji Yang Hong

On 30 July 2021, the Group entered into a share purchase agreement with independent third parties (the Vendor") in relation to the acquisition of 51% of the equity interests in Ji Yang Hong (the "JYH Acquisition") at a cash consideration of RMB12,373,000 and contingent consideration up to RMB11,650,000 in aggregate. The contingent consideration will be paid by instalments. The Group has right to adjust the consideration if conditions precedent, mainly net profit target for the years ended 31 December 2021, 2022 and 2023, are not fulfilled. The guarantee period was mature on 31 December 2023.

As at 31 December 2021, there was no payment of contingent consideration. As set out in the share purchase agreement, the performance target of net profit is at least RMB3,728,800, RMB3,952,500 and RMB4,189,600 for the years ended 31 December 2021, 2022 and 2023 respectively. Conditions precedent, mainly net profit target for the years ended 31 December 2022 and 2023, were fulfilled, therefore the last instalment of contingent consideration of RMB6,186,000 was paid to the Vendor during the year.

As at 31 December 2023, the actual net profit of Ji Yang Hong for the year ended 31 December 2023 met the 2023 guaranteed profit and accordingly, the consideration (third instalment) was added by RMB464,000 which has been recognized as fair value loss for the year ended 31 December 2023. The balance of the consideration of RMB6,186,000 was expected to be paid in 2024.

As at 31 December 2024, the balance of the consideration of RMB6,186,000 has been paid.

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22. RESTRICTED BANK BALANCES, BANK BALANCES AND CASH

	2025	2024
	RMB'000	RMB'000
Total bank balances and cash	70,565	66,550
Less: Restricted bank balances	(1,390)	(1,785)
Cash and cash equivalents	69,175	64,765

As at 31 December 2024 and 2025, restricted bank balances and bank balances carry interest at prevailing or agreed deposit rates. The deposit rate range is nil to 0.1% (2024: Nil to 0.7%).

The restricted bank balances are bank deposits that have been frozen by courts in different jurisdictions due to the Group's involvement in several legal cases, in relation to provision for litigations as disclosed in Note 23(b).

As at 31 December 2025, included in the Group's restricted bank balances and bank balances is an amount of approximately RMB68,877,000 (2024: RMB66,165,000), which are deposits with banks in the PRC and denominated in RMB, and RMB is not a freely convertible currency.

23. TRADE PAYABLES AND ACCRUALS AND OTHER PAYABLES

(a) Trade payables

The amounts mainly represented the commissions payable to co-operative real estate agents and payable to the property management service providers. The ageing analysis of trade payables based on invoice date (which is also the due date) as at the end of the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	55,742	62,696
Over 1 year	18,420	11,770
	74,162	74,466

The Directors consider that the carrying amounts of trade payables approximate their fair values as at the end of the reporting period. Trade payables are interest-free and the normal trade credit terms granted to the Group range from 30 days to 180 days from the date of invoice.

(b) Accruals and other payable

	2025	2024
	RMB'000	RMB'000
Accrued staff benefits (<i>Note (a)</i>)	46,961	51,162
Deposits received (<i>Note (b)</i>)	40,635	44,992
Temporary receipts from properties owners	2,701	5,019
Accrued utilities	10,757	7,196
Other tax payables	6,974	6,889
Auditor's remuneration payables	1,518	1,552
Dividend payable to non-controlling interests of subsidiaries	-	411
Others	20,499	14,100
	130,045	131,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. TRADE PAYABLES AND ACCRUALS AND OTHER PAYABLES *(Continued)***(b) Accruals and other payable** *(Continued)**Note:*

- (a) For legal cases in labor arbitration, during the year, the Group made a provision of RMB638,000 (2024: RMB1,275,000) included in accrued staff benefits and salaries, allowances and other benefits (Note 10).
- (b) Deposits received were mainly received from property owners as performance securities in relation to property management services agreements.

24. PROVISIONS

	2025	2024
	RMB'000	RMB'000
Analysed for reporting purposes as:		
Current liabilities	1,555	-
	1,555	-

During the year ended 31 December 2025, the Group was involved in a litigation case related to a property management service contract. After obtaining legal opinion, the Group is in the opinion that it is probable that the Group will be required to settle the claim amounting to approximately RMB1,555,000. Accordingly, a provision for the litigation of RMB1,555,000 has been recognised as of 31 December 2025. The provision is classified as a current liability as the Group is in the opinion that the settlement is expected to be completed within twelve months from the end of the reporting period.

25. CONTRACT LIABILITIES

The Group has recognized the following revenue-related contract liabilities:

	2025	2024
	RMB'000	RMB'000
Contract liabilities from related companies	9,226	2,171
Contract liabilities from third parties	66,278	50,807
	75,504	52,978

Contract liabilities mainly represent consideration received in advance from customers for property management services to be provided by the Group. In general, the property management service contracts entered into between the Group and its customers do not explicitly stipulate prepayment arrangements. However, certain customers entered into property management service contracts with the Group and paid the property management fees in full at the commencement of the respective service contracts. Such amounts are recognised as contract liabilities upon receipt and are subsequently recognised as revenue over the period in which the related property management services are rendered.

(a) Significant changes in contract liabilities

As at 1 January 2024, the contract liabilities amounted to approximately RMB50,862,000.

As at 31 December 2024 and 2025, the contract liabilities mainly arose from the advance payments made by customers while the underlying services were yet to be provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. CONTRACT LIABILITIES *(Continued)*

(b) Revenue recognized in relation to contract liabilities

The following table shows the amount of the revenue recognized in the reporting period that relates to carried-forward contract liabilities:

	2025	2024
	RMB'000	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Property management services	22,896	35,119
	22,896	35,119

(c) Assets recognized from incremental cost to obtain a contract

During the years ended 31 December 2024 and 2025, there was no significant incremental cost to obtain a contract.

26. SHARE CAPITAL

	Number	Amount
		HK\$'000
Ordinary shares at par value of HK\$0.01 each		
Authorized		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000,000	100,000

	Number	Amount	Amount
		HK\$'000	RMB'000
Ordinary shares at par value of HK\$0.01 each			
Issued and fully paid			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	400,000,000	4,000	3,403

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27. RESERVES

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. The nature and purpose of the reserves are as follows:

Share premium

Share premium is the excess of the proceeds received over the par value of the shares of the Company issued at a premium, less share issuing expenses.

Capital reserve

Capital reserve represents the difference between the fair value of the consideration paid and the carrying value of the subsidiaries acquired and was recorded in the equity.

Statutory reserve

In accordance with the relevant laws and regulations in the PRC and articles of association of the PRC subsidiaries, it is required to appropriate 10% of the annual net profits of the PRC subsidiaries, after offsetting any prior years' losses as determined under the relevant PRC accounting standards, to their respective statutory reserves before distributing any net profit. When the balances of the statutory reserves reach 50% of their respective registered capital, any further appropriation is at the discretion of equity owners.

Exchange reserve

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. This reserve is dealt with in accordance with the accounting policy information in Note 4(l).

28. GOODWILL

	2025	2024
	RMB'000	RMB'000
Cost		
As at 1 January and 31 December	47,646	47,646
Accumulated impairment losses		
As at 1 January	(7,818)	
Impairment losses	(11,890)	(7,818)
As at 31 December	(19,708)	(7,818)
Net carrying amount		
As at 31 December	27,938	39,828

For the year ended 31 December 2022

The Group had acquired 60% of the equity interests in Guangdong Yikang Property Service Co., Ltd ("Yikang"). At the date of the acquisition, other intangible asset arising from customer relationship of RMB6,000,000 (Note 29) and goodwill of RMB17,646,000 had been recognized during the year ended 31 December 2022.

The Group had acquired 51% of the equity interests in Guangdong Juncheng Fangyuan Property Service Co., Ltd. (formerly known as Guangdong Juncheng Fangyuan Property Service Co., Ltd.) ("Juncheng"). At the date of the acquisition, goodwill of RMB702,000 had been recognized during the year ended 31 December 2022.

The Group had acquired 100% of the equity interests in Guiping Yuegui Huacheng Property Service Co., Ltd. ("Yuegui"). At the date of the acquisition, goodwill of RMB2,023,000 had been recognized during the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. GOODWILL (Continued)

For the year ended 31 December 2021

The Group had acquired approximately 66.31% of the equity interests in Guangzhou Fineland E-Life Service Co., Ltd. (“**Fineland E-life**”). At the date of the acquisition, other intangible asset arising from customer relationship of RMB32,000,000 (Note 29) and goodwill of RMB5,528,000 had been recognized during the year ended 31 December 2021.

The Group had acquired 51% of the equity interests in Liuyang Jichuang Community Service Co., Ltd. (“**Jichuang Community**”). At the date of the acquisition, goodwill of RMB183,000 had been recognized during the year ended 31 December 2021.

The Group had acquired 51% of the equity interests in Changsha Ji Yang Hong Property Management Co., Ltd. (“**Ji Yang Hong**”). At the date of the acquisition, goodwill of RMB21,564,000 had been recognized during the year ended 31 December 2021.

For the purpose of impairment testing, goodwill is allocated to the CGUs identified which are included in the property management services segment as follows:

	2025	2024
	RMB'000	RMB'000
Fineland E-Life	5,528	5,528
Jichuang Community	183	183
Ji Yang Hong	18,825	18,825
Yikang	677	12,567
Juncheng	702	702
Yuegui	2,023	2,023
As at 31 December	27,938	39,828

The recoverable amount of the CGUs to which the goodwill relates has been determined based on a value-in-use calculation with reference to a valuation performed by Cushman & Wakefield, an independent expert valuation firm. In addition to goodwill above, property, plant and equipment, right-of-use assets, and other intangible assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purpose of impairment assessment. The calculations are based on financial budgets covering a five-year period approved by management and an extrapolation of expected cash flows with 2% (2024: 2%) growth rates. Key assumptions are based on past performance, management estimation on market development and general inflation based on the growth rates which did not exceed the long-term average growth rates for the business in which the CGU operates. The discount rate used for value-in-use calculations are pre-tax and reflect specific risks relating to the relevant CGU.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. GOODWILL (Continued)

Based on the valuation report prepared by independent professional valuer, Cushman & Wakefield, the recoverable amount of the CGUs and impairment losses recognized for the year ended 31 December 2025 are as follows:

	Recoverable amount of the CGU RMB'000	Impairment losses recognized for the year RMB'000
Fineland E-Life	129,562	-
Jichuang Community	2,674	-
Ji Yang Hong	49,815	-
Yikang	1,940	11,890
Juncheng	22,782	-
Yuegui	5,164	-
As at 31 December 2025	211,937	11,890

The Directors expected that the revenue from property management services will become the major revenue stream of the CGUs during the cash flow projection period. The revenue was projected based on the forecasted number of contracts with customers. The operational data was sourced from main operational units of the CGU in Guangdong, Liuyang, Changsha and Guiping. The Directors are of the view that the growth in the property management services will be moderate in considering the impact brought by uncertain economic conditions on the business and economic environment the CGUs operating.

The sluggish property market has had and is expected to continue to have a material impact on the Group's property management business and economic environment in which the CGUs operate, along with a decrease in revenue from property management service income, especially for Ji Yang Hong CGU (2024: Ji Yang Hong and Yikang CGUs). Since the recoverable amounts of Yikang CGU (2024: Ji Yang Hong and Yikang CGUs) are lower than their carrying values, impairment losses of RMB11,890,000 (2024: RMB7,818,000) were recognized for the year ended 31 December 2025.

The key assumptions used for value-in-use calculations are as follows:

	Fineland E-Life	Jichuang Community	Ji Yang Hong	Yikang	Juncheng	Yuegui
2025						
Annual revenue growth/ (recession) rate	1%-2%	2%-42%	1%-2%	(5%)-2%	(1%)-2%	1%-2%
Discount rate	17%	14%	18%	16%	15%	15%
2024						
Annual revenue growth/ (recession) rate	1%-2%	(4%)-2%	1%-22%	(20%)-2%	2%-11%	1%-2%
Discount rate	17%	15%	18%	18%	15%	15%

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of each of the CGU to exceed their respective recoverable amounts.

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FOR THE YEAR ENDED 31 DECEMBER 2025

29. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000
Cost	
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	38,000
Amortization	
As at 1 January 2024	14,664
Amortization for the year	5,543
As at 31 December 2024 and 1 January 2025	20,207
Amortization for the year	5,542
As at 31 December 2025	25,749
Net carrying amount	
As at 31 December 2025	12,251
As at 31 December 2024	17,793

Other intangible assets refer to customer relationships acquired in business combinations. The customer relationship primarily related to the existing contracts of Fineland E-life and Yikang on the acquisition date. A large portion of the existing contracts of Fineland E-life and Yikang are with no specific expiration date. Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' associations are uncommon. The Group thus estimates the useful life and determines the amortization period of the customer relationship to be 4 to 8 years based on the expected contract duration of the property management contracts.

During the year ended 31 December 2025, other intangible assets - customer relationship of RMB12,126,000 (2024: RMB16,168,000) were included in the CGU of Fineland E-life and the remaining other intangible assets - customer relationship of RMB125,000 (2024: RMB1,625,000) were included in the CGU of Yikang. Please refer to Note 28 for impairment assessment of the respective CGUs.

30. DEPOSIT FOR ACQUISITION OF PROPERTIES

On 21 June 2023, Guangzhou Fineland Living Services Limited ("Fineland Living Services") (as the purchaser), an indirectly wholly-owned subsidiary of the Company, and an independent third party which is also a customer of the Group (as the vendor) entered into a settlement agreement, pursuant to which, Fineland Living Services has conditionally agreed to procure Fineland Living Services or its nominated subsidiary(ies) to pay a cash deposit of RMB3,988,000 and set-off the outstanding trade receivables of RMB15,951,000 owed to the Group by the vendor, by way of accepting the transfer of the properties with total market value of RMB20,000,000 from the vendor to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

30. DEPOSIT FOR ACQUISITION OF PROPERTIES *(Continued)*

On 28 November 2025, as the delivery of the physical possession of the Properties could not take place as originally scheduled, the conditions precedent set out in the agreement could not be fulfilled on or before 28 November 2025. Finland Living Services notified the Vendor in writing that the Settlement Agreement was fully rescinded on the same date pursuant to its terms. Please refer to the announcement of the Company dated 28 November 2025 for more details.

During the year ended 31 December 2025, the Group provided ECL allowance of RMB3,501,000 (2024: RMB11,000) on the deposit with reference to a valuation performed by Cushman & Wakefield, an independent expert valuation firm.

31. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties:

	2025	2024
	RMB'000	RMB'000
Real estate agency services income from related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	73	134
Real estate agency services income from investee companies of related companies/former fellow subsidiaries	-	137
Real estate agency services income from associates of related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	-	1,397
Property management services income from related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	399	6,002
Property management services income from associates of related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	3,955	5,800
Property management service income from investee companies of related companies/former fellow subsidiaries	-	2,670
Value-added services to non-property owners income from related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	4,068	1,787
Value-added services to non-property owners income from associates of related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	1,899	4,200
Value-added services to non-property owners income from investee companies of related companies/former fellow subsidiaries	207	887
Other value-added services income from related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	-	34
Short-term leases expenses to related companies/former fellow subsidiaries <i>(Note 31 (h))</i>	486	3,266
Consultancy fee to a related company/former fellow subsidiary	-	1,630
Purchase of goods from a related company/former fellow subsidiary <i>(Note 31 (h))</i>	47	-
Purchase of goods from a related party	224	365

The above transactions were conducted on mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS *(Continued)*

- (b) On 11 October 2017, the Group and Fineland Group Holdings entered into trademark license agreements (the “**Trademark License Agreements**”), pursuant to which Fineland Group Holdings agreed to grant to the Group an exclusive license to use certain trademarks registered by Fineland Group Holdings (“**Licensed Trademarks**”) in Hong Kong and the PRC at nil consideration. The term of the Trademark License Agreements commences on the date thereof until the expiration date of the Licensed Trademarks. The Licensed Trademarks has been renewed until 13 August 2030.
- (c) On 11 October 2017, the Group and Fineland Group Holdings entered into a master agency service agreement, pursuant to which the Group agreed to provide real estate agency services in the primary property market to members of the Fineland Group for a term commencing from the date thereof to 31 December 2019. On 26 September 2018, the Group and Fineland Group Holdings entered into a supplemental master agency service agreement that extended the contract terms to 31 December 2020. On 3 September 2020, the Group and Fineland Group Holdings entered into a renewal master agency agreement for a further term of three years commencing on 1 January 2021 to 31 December 2023. On 25 October 2023, the Group and Fineland Group Holdings entered into a renewal master agency agreement for a further term of three years commencing on 1 January 2024 to 31 December 2026.
- (d) On 1 January 2020, the Group and Fineland Group Holdings entered into Trademark License Agreements, pursuant to which certain companies of the Group are licensed to use certain trademarks owned by Fineland Group Holdings on a non-exclusive and royalty-free basis for the period from 1 January 2020 until the expiry of the trademarks. The trademarks have been renewed until 7 January 2028 and 9 March 2028.
- (e) On 28 January 2021, the Group and Fineland Group Holdings entered into a master property management services agreement, pursuant to which the Group agreed to provide property management services to Fineland Group for a term commencing from the date thereof to 31 December 2023. On 25 October 2023, the Group and Mr. Fong Ming (for and on behalf of his associates which included Fineland Group, Guangdong Fineland Education Investment Limited and its subsidiaries) (excluding the Group)) entered into a master property management services agreement for a term of three years commencing on 1 January 2024 to 31 December 2026.
- (f) On 28 January 2021, the Group and Fineland Group Holdings entered into a master lease agreement, pursuant to which any Group company as tenant may continue, amend, renew the existing lease agreements or enter into new leases with Finelend Group for a term of three years commencing retrospectively from 1 January 2021 and ending on 31 December 2023. On 25 October 2023, the Group and Fineland Group Holdings entered into a renewal master lease agreement for a further term of three years commencing on 1 January 2024 to 31 December 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS *(Continued)*

- (g) Compensation of key management personnel
Emoluments of key management personnel, who are executive directors of the Company, during the reporting period are set out in Note 11.
- (h) Applicability of the Listing Rules relating to connected transactions
The figures disclosed above in relation real estate agency services income, property management services income, value-added services to non-property owners income, other value-added services income, purchases of goods and short-term leases expenses included approximately RMB73,000, RMB399,000, RMB5,967,000, RMBNil, RMB47,000 and RMB486,000 respectively, which also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules (2024: real estate agency services income, property management services income, value-added services to non-property owners income, other value-added services income, sales of goods and short-term leases expenses included approximately RMB1,531,000, RMB10,937,000, RMB5,357,000, RMB34,000, RMBNil and RMB3,266,000 respectively). The disclosures required by Chapter 14A of the Listing Rules are set out in the section headed "Related Party Transactions" in the Directors' Report.
- (i) Settlement of outstanding receivables
On 6 December 2023, the Group entered into a settlement agreement with customers, which were fellow subsidiaries of the Group and an independent third party, pursuant to which amounts due from fellow subsidiaries of RMB14,531,000 and trade receivables of RMB634,000 owing from the customer to the Group were to be settled by the assignment of commercial properties and car parking spaces with fair value of RMB15,165,000 from these customers to the Group.

The legal title of the commercial properties and car parking spaces has been transferred to the Group during the year ended 31 December 2024. Accordingly, amounts due from related companies/former fellow subsidiaries with carrying amount of RMB14,531,000 and trade receivables with carrying amount of RMB634,000 were derecognized and the commercial properties and car parking spaces was recognized as the investment properties with purchase cost of RMB14,835,000 during the year (Note 16).

During the year ended 31 December 2025, the legal title of the residential property and car parking spaces has been transferred to the Group. Accordingly, trade receivables with carrying amount of RMB822,000 were derecognized and the residential property and car parking spaces were recognized as investment properties with purchase cost of RMB822,000 during the year (Note 16).

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32. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' 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.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

The gearing ratio as at the end of the reporting period was as follows:

	2025	2024
	RMB' 000	RMB' 000
Total liabilities	293,555	281,018
Total assets	299,948	366,742
Gearing ratio	98%	77%

33. FINANCIAL RISK MANAGEMENT

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Bank balances

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and reputable banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for trade receivables, amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature. The Group measures the expected credit losses on a combination of individual and collective basis.

Accordingly, the ECLs on amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature, were RMB95,256,000 (2024: RMB80,820,000), RMB54,937,000 (2024: RMB42,363,000) and RMB25,000 (2024: RMB160,000) respectively as at 31 December 2025 on an individual basis.

Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision of impairment allowance. As at 31 December 2025, the balance of loss allowance in respect of these individually assessed receivables was RMB144,000 (2024: RMB389,000).

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FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(ii) Trade receivables and amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature *(Continued)*

ECLs are estimated by grouping the remaining trade receivables based on shared credit risk characteristics. The ECLs also incorporate forward-looking information. The information about the Group's exposure to credit risk and ECLs for the remaining receivables as at 31 December 2024 and 2025 is set out in the table below.

(iii) Deposits and other receivables

The Group makes periodic collective assessment as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. During the year, the Group provided ECLs on deposits and other receivables of RMB9,843,000 (2024: RMB4,417,000).

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECLs. The Group considers available reasonable and supportive forward-looking information and especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of individual property owner or the debtor;
- significant increases in credit risk on other financial instruments of the individual property owner or the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

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FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

As at 31 December 2025, loss allowance provision for trade receivables was determined as follows:

Expected credit loss of trade receivables of the Group as at 31 December 2025:

	Historical loss rate	Forward- looking Adjustment	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively						
Past due						
Within 1 year	22%	12%	24%	72,692	(17,619)	55,073
1 to 2 years	49%	12%	55%	37,956	(20,903)	17,053
2 to 3 years	74%	12%	83%	26,691	(22,045)	4,646
Over 3 years			100%	46,991	(46,991)	-
Assessed individually						
Full expected loss			100%	144	(144)	-
Total				184,474	(107,702)	76,772

Real estate agency services

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively				
Past due				
Within 1 year	43%	70	(30)	40
1 to 2 years	100%	491	(491)	-
2 to 3 years	100%	340	(340)	-
Over 3 years	100%	12,837	(12,837)	-
Assessed individually				
Full expected loss	100%	144	(144)	-
Sub-total		13,882	(13,842)	40

Property management services

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively				
Past due				
Within 1 year	24%	72,622	(17,589)	55,033
1 to 2 years	54%	37,465	(20,412)	17,053
2 to 3 years	82%	26,351	(21,705)	4,646
Over 3 years	100%	34,154	(34,154)	-
Total		170,592	(93,860)	76,732

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

As at 31 December 2024, loss allowance provision for trade receivables was determined as follows:

Expected credit loss of trade receivables of the Group as at 31 December 2024:

	Historical loss rate	Forward- looking Adjustment	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively						
Past due						
Within 1 year	18%	10%	20%	77,766	(15,820)	61,946
1 to 2 years	43%	10%	48%	34,435	(16,460)	17,975
2 to 3 years	79%	10%	88%	32,406	(28,371)	4,035
Over 3 years	-	-	100%	21,228	(21,228)	-
Assessed individually						
Full expected loss			100%	389	(389)	-
Total				166,224	(82,268)	83,956

Real estate agency services

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively				
Past due				
Within 1 year	35.99%	764	(275)	489
1 to 2 years	100%	388	(388)	-
2 to 3 years	100%	12,952	(12,952)	-
Over 3 years	100%	698	(698)	-
Assessed individually				
Full expected loss	100%	389	(389)	-
Sub-total		15,191	(14,702)	489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Property management services

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Assessed collectively				
Past due				
Within 1 year	20.19%	77,002	(15,545)	61,457
1 to 2 years	47.21%	34,047	(16,072)	17,975
2 to 3 years	79.26%	19,454	(15,419)	4,035
Over 3 years	100%	20,530	(20,530)	-
Sub-total		151,033	(67,566)	83,467
Total		166,224	(82,268)	83,956

Expected credit loss of related party receivables of the Group as at 31 December 2025:

	Probability of default	Loss given default	Forward- looking Adjustment	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Related companies/ former fellow subsidiaries							
- non-pledged	100%	88%	12%	88%-94%	107,806	(95,256)	12,550
Deposit for acquisition of properties							
- non-pledged	36%-100%	80%-88%	12%	32%-88%	3,988	(3,051)	487
Related companies							
- non-pledged	100%	88%	-	88%	67,035	(54,937)	12,098
Non-controlling interest							
				1%	2,351	(25)	2,326

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss of related party receivables of the Group as at 31 December 2024:

	Probability of default	Loss given default	Forward- looking Adjustment	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Related companies/ former fellow subsidiaries							
- non-pledged	36%-100%	80%-81%	10%	81%-94%	97,727	(80,820)	16,907
Deposit for acquisition of properties							
- pledged				0.27%	3,988	(11)	3,977
Related companies							
- non-pledged	36%-100%	64%-80%	10%	25%-94%	47,852	(42,320)	5,532
- pledged				-	15,950	(43)	15,907
Subtotal					63,802	(42,363)	21,439
Non-controlling interest				10%	1,600	(160)	1,440

During the year, a significant change of inputs in related party receivables was that loss given default (“LGD”) of certain related companies/former fellow subsidiaries and related companies increased. LGD of certain related companies/former fellow subsidiaries and related companies in stage 2 remained as 80% (2024: 80%) and in stage 3 increased to 88% (2024: 81%), which was mainly due to (i) weakness and uncertainty in the PRC property market in which these related companies/former fellow subsidiaries or related companies operate, and (ii) the deterioration of the historical repayment rate of these related companies/former fellow subsidiaries or related companies.

The change of LGD was considered in deriving the ECL estimation with reference to a valuation performed by Cushman & Wakefield, an independent expert valuation firm.

The impairment policies on amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests during the year ended 31 December 2025 and 2024 are based on the Group’s internal credit risk grading assessment comprising the following categories:

Internal credit rating	Description	Amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests
Stage 1	The counterparty has good ability of repayment, but may infrequently settle after due date	Lifetime ECL
Stage 2	The counterparty has enough ability of repayment, but may settle in full after due date	Lifetime ECL - not credit-impaired
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment for the years ended 31 December 2025 and 2024:

	Notes	Internal credit rating	12-month ECL or lifetime ECL	Gross carrying amount	
				2025 RMB'000	2024 RMB'000
Trade receivables	18	N/A	Lifetime ECL - not credit-impaired	137,339	144,607
			Lifetime ECL - credit-impaired	47,135	21,617
Deposits and other receivables	19	Stage 1	12-month ECL	50,251	48,562
Amount due from related companies/former fellow subsidiaries	20	Stage 2	Lifetime ECL - credit-impaired	9,554	9,554
	20	Stage 3	Lifetime ECL - credit-impaired	98,252	88,173
Amounts due from related companies	20	Stage 2	Lifetime ECL - not credit-impaired	7,041	63,802
	20	Stage 3	Lifetime ECL - credit-impaired	59,994	-
Amounts due from non-controlling interests	20	Stage 1	Lifetime ECL	2,351	1,600
Restricted bank balances	22	Stage 1	12-month ECL	1,390	1,785
Bank balances and cash	22	Stage 1	12-month ECL	69,175	64,765

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	82,268	38,651
Impairment losses recognized during the year	27,371	43,617
Impairment losses written off during the year	(1,937)	-
As at 31 December	107,702	82,268

The increase in impairment loss allowance of approximately RMB27,371,000 (2024: RMB43,617,000) is primarily due to increase in gross carrying amount of credit impaired (assessed collectively) trade receivables and the aging movement, which amounts aged more than 3 years have increased.

Normally, the Group does not obtain collaterals from customers.

As at 31 December 2024 and 2025, the Group has concentration of credit risk on amounts due from related companies/former fellow subsidiaries, related companies and non-controlling interests which are trade in nature as the debtors were group entities under the Finland Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT *(Continued)***(a) Credit risk** *(Continued)*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group maintains a reasonable level of cash and cash equivalents. The Group finances its working capital requirements mainly through funds generated from operations.

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

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Over 2 years RMB'000
As at 31 December 2025					
Trade payables	74,162	74,162	74,162	-	-
Accruals and other payables	130,045	130,045	130,045	-	-
Lease liabilities	730	776	301	271	204
Amounts due to related companies/ former fellow subsidiaries	1,035	1,035	1,035	-	-
Amounts due to non-controlling interests	1,804	1,804	1,804	-	-
	207,776	207,822	207,347	271	204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Over 2 years RMB'000
As at 31 December 2024					
Trade payables	74,466	74,466	74,466	-	-
Accruals and other payables	131,321	131,321	131,321	-	-
Lease liabilities	994	1,086	311	301	474
Amounts due to related companies/former fellow subsidiaries	2,260	2,260	2,260	-	-
Amounts due to non-controlling interests	159	159	159	-	-
Amounts due to related companies	21	21	21	-	-
	209,221	209,313	208,538	301	474

(c) Currency risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in the respective functional currencies of the group entities.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from short-term bank borrowings at fixed rate which expose the Group to fair value interest rate risk. The Group considers that its exposure to interest rate risk is insignificant in the absence of interest-bearing financial liabilities with contractual period exceeding one year.

(e) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values due to their short-term nature.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value estimation (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets at FVTPL				
- Unlisted partnership investment	-	-	6,690	6,690
	-	-	6,690	6,690

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets at FVTPL				
- Wealth management products	-	-	1,016	1,016
- Unlisted partnership investment	-	-	5,407	5,407
	-	-	6,423	6,423

The fair values of wealth management products are categorized within Level 3 of the fair value hierarchy which is measured based on significant unobservable inputs and has been estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The significant unobservable input is as follows:

	2025	2024
Annualized market interest rate	1.79% to 1.83%	1.79%

As at 31 December 2025 and 2024, the fair value of partnership investment is categorized within Level 3 of the fair value hierarchy and is determined by using the discounted cash flow technique which is based on the following significant unobservable inputs:

Significant unobservable inputs	As at 31 December 2025	As at 31 December 2024
Discount for lack of marketability	15.6%	15.6%
Weighted average cost of capital	13.5%	13.5%
Long-term revenue growth rate	2.0%	2.0%

Financial assets at fair value through profit or loss	Fair value hierarchy	Valuation technique and key inputs
25% unlisted partnership investments in Guangzhou Haofang Xihui	Level 3	Income approach – in this approach, the discounted cash flow method was used, it estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realising those benefits.
40% unlisted partnership investments in Guangzhou Yijia		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Fair value estimation *(Continued)*

The higher the discount for lack of marketability and the weighted average cost of capital, the lower the fair value of the partnership investment, and vice versa. The higher of the long-term revenue growth rate, the higher the fair value of the partnership investment, and vice versa. No sensitivity is presented as the Directors considered that the slight change in relevant inputs would not have a significant impact to the fair values.

The fair values of contingent consideration receivable and consideration payable were categorized within Level 3 of the fair value hierarchy and were determined using probabilities at which each net profit target would be achieved.

There were no transfers between levels of the fair value hierarchy during the year.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Financial assets at FVTPL	2025	2024
	RMB'000	RMB'000
As at 1 January	6,423	8,332
Additions	-	1,355
Disposals	(1,016)	-
Total gains or losses:		
- in profit or loss (included in other income, losses and gains, net)	1,283	591
- loss on derecognition of contingent consideration receivable	-	(3,855)
As at 31 December	6,690	6,423

Contingent consideration receivable/(consideration payable)	2025	2024
	RMB'000	RMB'000
As at 1 January	-	(2,331)
Settlement	-	6,186
Total gains or losses:		
- in profit or loss (included in other income, losses and gains, net)	-	(3,855)
As at 31 December	-	-
Total net gains/(losses) recognized in profit or loss relating to financial instruments held by the Group at the reporting date	1,283	(3,264)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognized at 31 December 2025 is categorized as follows:

	2025	2024
	RMB'000	RMB'000
Financial assets:		
Financial assets at FVTPL	6,690	6,423
Financial assets measured at amortized cost		
Trade receivables	76,772	83,956
Deposits and other receivables	40,408	44,145
Amounts due from related companies/former follow subsidiaries	12,550	16,907
Amounts due from related companies	12,098	21,439
Amounts due from non-controlling interests	2,326	1,440
Restricted bank balances	1,390	1,785
Bank balances and cash	69,175	64,765
	214,719	234,437
Financial liabilities		
Financial liabilities measured at amortized cost	207,046	208,227
Other financial liabilities - lease liabilities	730	994

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

On 6 December 2023, the Group entered into a settlement agreement with customers, which are fellow subsidiaries of the Group and an independent third party, pursuant to which amounts due from fellow subsidiaries of RMB14,531,000 and trade receivables of RMB634,000 owing from the customer to the Group are to be settled by the assignment of commercial properties and car parking spaces with fair value of RMB15,165,000 from these customers to the Group. The legal title of the commercial properties and car parking spaces has been transferred to the Group during the year ended 31 December 2024. Accordingly, amounts due from related companies/former fellow subsidiaries with carrying amount of RMB14,531,000 and trade receivables of RMB634,000 were derecognized and the commercial properties and car parking spaces was recognized as the investment properties with purchase cost of RMB14,835,000 during the year ended 31 December 2024. The Group has no material non-cash transactions for the year ended 31 December 2025.

(b) 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 statement of cash flows as cash flows from financing activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

	Lease liabilities RMB'000
As at 1 January 2025	994
Changes from cash flows	
Payment of principal portion of lease payments	(203)
Payment of interest portion of lease payments	(47)
Total changes from financing cash flows	(250)
Other changes	
Other payables	(61)
Interest expenses of lease liabilities	47
Total other changes	(14)
At 31 December 2025	730

	Lease liabilities RMB'000	Bank borrowings RMB'000	Total RMB'000
As at 1 January 2024	1,201	19,366	20,567
Changes from cash flows			
Payment of principal portion of lease payments	(301)	-	(301)
Payment of interest portion of lease payments	(57)	-	(57)
Repayment of bank borrowings	-	(19,930)	(19,930)
Interest paid	-	(563)	(563)
Total changes from financing cash flows	(358)	(20,493)	(20,851)
Other changes			
New lease liabilities	94	-	94
Interest expenses of lease liabilities	57	-	57
Interest expenses	-	1,127	1,127
Total other changes	151	1,127	1,278
At 31 December 2024	994	-	994

36. DEFINED CONTRIBUTION RETIREMENT SCHEME

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the local governments in the PRC. The Group is required to contribute a specified percentage of the qualifying payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. There were no forfeited contributions under the retirement benefit schemes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37. NON-CONTROLLING INTERESTS

Particulars of material non-controlling interests ("NCI") are as follows:

Name of subsidiary	Ownership interests held by non-controlling interests	
	2025	2024
Fineland E-Life	31.07%	31.07%
Ji Yang Hong	49%	49%
Yikang	40%	40%

In 2025, Guangzhou Fangrun Living Service Co., Ltd. further acquired Nil (2024: Nil) of the equity interests in Fineland E-life, and the equity interests held by NCI remained at 31.07%.

The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarized financial information in relation to the material NCI, before intra-group eliminations, is presented below:

(a) Fineland E-Life

	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	277,854	292,891
Loss for the year	(46,150)	(17,793)
Total comprehensive expense	(46,150)	(17,793)
Loss allocated to NCI	(14,337)	(5,528)
Dividends paid to NCI	-	2,088
For the year ended 31 December		
	2024	2024
	RMB'000	RMB'000
Cash flows from operating activities	8,947	25,960
Cash flows used in investing activities	(597)	(2,474)
Cash flows used in financing activities	(3,352)	(22,630)
Net cash inflows	4,998	856
For the year ended 31 December		
Current assets	233,778	239,987
Non-current assets	32,703	62,770
Current liabilities	(212,826)	(197,583)
Non-current liabilities	(3,356)	(4,563)
Net assets	50,299	100,611
Accumulated NCI	19,806	34,143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37. NON-CONTROLLING INTERESTS *(Continued)*

(b) Ji Yang Hong

	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	10,368	28,924
(Loss)/profit for the year	(296)	1,145
Total comprehensive (expense)/income	(296)	1,145
(Loss)/profit allocated to NCI	(145)	561
Dividends paid to NCI	1,469	1,715
For the year ended 31 December		
Cash flows used in operating activities	(1,419)	(48)
Cash flows from/(used in) investing activities	1,000	(457)
Cash flows used in financing activities	(2,489)	(3,500)
Net cash outflows	(2,908)	(4,005)
For the year ended 31 December		
Current assets	26,973	29,137
Non-current assets	2,539	2,045
Current liabilities	(18,429)	(17,314)
Non-current liabilities	-	-
Net assets	11,083	13,868
Accumulated NCI	5,181	6,795

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

37. NON-CONTROLLING INTERESTS *(Continued)*

(c) Yikang

	2025	2024
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	23,969	34,085
(Loss)/profit for the year	(13,013)	3,159
Total comprehensive (expense)/income	(13,013)	3,159
(Loss)/profit allocated to NCI	(5,205)	1,264
Dividends paid to NCI	800	2,000
For the year ended 31 December		
Cash flows from/(used in) operating activities	1,260	(697)
Cash flows used in investing activities	(21)	(4)
Cash flows used in financing activities	(1,561)	(5,154)
Net cash outflows	(322)	(5,855)
For the year ended 31 December		
Current assets	26,707	29,634
Non-current assets	2,757	6,405
Current liabilities	(30,700)	(23,379)
Non-current liabilities	(1,700)	(582)
Net (liabilities)/assets	(2,936)	12,078
Accumulated NCI	(1,173)	4,832

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/establishment and type of legal entity		Place of operation	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
						2025	2024	
Directly held:								
Fineland Property Services Holdings Limited	The BVI 16 February 2017	the PRC	50,000 shares of US\$50,000	200 shares of US\$200	100%	100%	Investment holding	
	Limited liability company							
Indirectly held:								
Fineland Real Estate Services Limited 方圓房地產服務有限公司	Hong Kong 16 June 2016	the PRC	10 shares of HK\$10	10 shares of HK\$10	100%	100%	Investment holding	
	Limited liability company							
Guangzhou Fineland Living Services Limited* 廣州方圓生活服務有限公司	The PRC 17 March 1997	the PRC	HK\$60,000,000	HK\$60,000,000	100%	100%	Provision of real estate consultation, agency, market analysis and marketing services	
	Limited liability company							
Guangzhou Fang Yuan Bao Network and Technology Limited* 廣州房緣寶網路科技有限公司	The PRC 17 June 2015	the PRC	RMB5,000,000	RMB5,000,000	100%	100%	Provision of online property referral and agency services	
	Limited liability company							
Guangzhou Hai Yuan Bao Investment Consultancy Limited* 廣州海緣寶投資諮詢有限公司	The PRC 13 May 2016	the PRC	RMB300,000	RMB300,000	100%	100%	Provision of property agency services	
	Limited liability company							
Guangzhou Fang Qin Real Estate Agency Limited* 廣州方勤房地產代理有限公司	The PRC 30 May 2018	the PRC	RMB1,000,000	RMB1,000,000	100%	100%	Provision of property agency services	
	Limited liability company							
Guangzhou Fang Ying Real Estate Agency Limited* 廣州方贏房地產代理有限公司	The PRC 31 May 2018	the PRC	RMB1,010,000	RMB1,000,000	100%	100%	Provision of property agency services	
	Limited liability company							
Guangzhou Fanghong Property Agency Limited* 廣州方弘房地產代理有限公司	The PRC 30 April 2020	the PRC	RMB1,000,000	RMB1,000,000	100%	100%	Provision of property agency services	
	Limited liability company							
Guangzhou Fangrun Living Service Co., Ltd.* 廣州方潤生活服務有限公司	The PRC 6 May 2020	the PRC	RMB1,010,000	RMB1,000,000	100%	100%	Investment holding	
	Limited liability company							
Guangzhou Fangyuan Fangfu Property Agency Co., Ltd.* 廣州方圓房服房地產代理有限公司	The PRC 22 April 2021	the PRC	RMB1,000,000	RMB1,000,000	100%	100%	Provision of property agency services	
	Limited liability company							

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/establishment and type of legal entity	Place of operation	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
					2025	2024	
Guangzhou Fineland E-Life Service Co., Ltd.* 廣州方圓現代生活服務股份有限公司	The PRC 8 November 1996 Limited liability company	the PRC	RMB45,000,000	RMB45,000,000	69%	69%	Provision of property management services
Changsha Ji Yang Hong Property Management Co., Ltd.* 長沙市霽陽紅物業管理有限公司	The PRC 24 April 2014 Limited liability company	the PRC	RMB3,000,000	RMB3,000,000	51%	51%	Provision of property management services
Liuyang Jichuang Community Service Co., Ltd.* 瀏陽市霽創社區服務有限公司	The PRC 21 June 2019 Limited liability company	the PRC	RMB500,000	RMB500,000	51%	51%	Provision of community value-added services
Huizhou Zhongkai High-tech Zone Jinbao Security Services Co., Ltd.* 惠州仲愷高新區金豹保安服務有限公司	The PRC 11 August 2016 Limited liability company	the PRC	RMB1,000,000	RMB1,000,000	69%	69%	Provision of security services
Guangzhou Weiyao Business Service Co., Ltd.* 廣州微耀商務服務有限公司	The PRC 16 December 2008 Limited liability company	the PRC	RMB1,010,000	RMB500,000	69%	69%	Provision of community value-added services
Guangzhou Fangyuan Huayue Property Service Management Co., Ltd.* 廣州方圓華悅物業服務管理有限公司	The PRC 4 March 2020 Limited liability company	the PRC	RMB1,000,000	RMB1,000,000	69%	69%	Provision of property management services
Guangzhou Fangyuan Pengyue Property Services Co., Ltd.* 廣州方圓鵬悅物業服務有限公司	The PRC 18 January 2021 Limited liability company	the PRC	RMB1,000,000	RMB1,000,000	69%	69%	Provision of property management services
Guangzhou Youhao Property Management Co., Ltd.* 廣州有好物業管理有限公司	The PRC 24 June 2009 Limited liability company	the PRC	RMB6,000,000	RMB3,000,000	69%	69%	Provision of property management services
Guangzhou Quanyi Property Management Co., Ltd.* 廣州全意物業管理有限公司	The PRC 9 June 2009 Limited liability company	the PRC	RMB500,000	RMB500,000	69%	69%	Provision of property management services
Guangzhou Fangyuan Commercial Property Management Co., Ltd.* 廣州方圓商業物業管理有限公司	The PRC 23 December 2011 Limited liability company	the PRC	RMB500,000	RMB500,000	69%	69%	Provision of property management services
Guangzhou Yishiguang Fangyuan Property Service Co., Ltd.* 廣州壹時光方圓物業服務有限公司	The PRC 12 November 2020 Limited liability company	the PRC	RMB500,000	RMB20,000	69%	69%	Provision of property management services

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FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of	Place of	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
	incorporation/establishment and type of legal entity				operation	2025	
Zhuhai Fangyuan Property Management Co., Ltd.* 珠海市方園物業管理有限公司	The PRC 1 April 2008 Limited liability company	the PRC	RMB1,000,000	RMB1,000,000	69%	69%	Provision of property management services
Luoding Fangxian Property Service Co., Ltd.* 羅定市方現物業服務有限公司	The PRC 14 October 2019 Limited liability company	the PRC	RMB1,000,000	RMB300,000	69%	69%	Provision of property management services
Yunan Fangxian Property Management Co., Ltd.* 郁南縣方現物業管理有限公司	The PRC 31 October 2019 Limited liability company	the PRC	RMB1,000,000	RMB180,000	69%	69%	Provision of property management services
Huaiji Fangyuan Property Service Co., Ltd.* 懷集縣方園物業服務有限公司	The PRC 10 April 2018 Limited liability company	the PRC	RMB2,000,000	RMB810,000	69%	69%	Provision of property management services
Wenchang Fangxian Property Service Co., Ltd.* 文昌市方現物業服務有限公司	The PRC 5 November 2020 Limited liability company	the PRC	RMB500,000	RMB100,000	69%	69%	Provision of property management services
Jiangmen Fangyuan Hengjun Property Service Co., Ltd.* 江門方園恒駿物業服務有限公司	The PRC 13 June 2018 Limited liability company	the PRC	RMB2,000,000	RMB1,000,000	69%	69%	Provision of property management services
Suzhou Weiren Business Services Co., Ltd.* 蘇州微仁商務服務有限公司	The PRC 30 April 2021 Limited liability company	the PRC	RMB500,000	RMB10,000	69%	69%	Provision of community value-added services
Guangzhou Weixiang Business Service Co., Ltd.* 廣州微享商務服務有限公司	The PRC 29 July 2019 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services
Guangzhou Weiyu Business Service Co., Ltd.* 廣州微譽商務服務有限公司	The PRC 25 July 2019 Limited liability company	the PRC	RMB500,000	RMB70,000	69%	69%	Provision of community value-added services
Guangzhou Nansha Fangyuan Property Service Co., Ltd.* 廣州南沙方園物業服務有限公司	The PRC 12 May 2020 Limited liability company	the PRC	RMB500,000	RMB500,000	69%	69%	Provision of property management services
Guangzhou Nansha Fineland Leju Property Service Co., Ltd.* 廣州南沙方園樂居物業服務有限公司	The PRC 26 October 2020 Limited liability company	the PRC	RMB500,000	RMB400,000	69%	69%	Provision of property management services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/establishment and type of legal entity	Place of operation	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
					2025	2024	
Zhongshan Fangyuan Property Management Co., Ltd.* 鐘山縣方園物業管理有限公司	The PRC 30 April 2019 Limited liability company	the PRC	RMB1,000,000	RMB270,000	69%	69%	Provision of property management services
Heshang Fangxian Property Services Co., Ltd.* 鶴山市方園物業服務有限公司	The PRC 12 January 2021 Limited liability company	the PRC	RMB500,000	RMB190,000	69%	69%	Provision of property management services
Guangzhou Fangyuan Dazhengchang Property Services Co., Ltd.* 廣州方園大征場物業服務有限公司	The PRC 20 May 2021 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of property management services
Guangzhou Nansha Fangxian Property Service Co., Ltd.* 廣州南沙方現物業服務有限公司	The PRC 6 August 2021 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of property management services
Guangzhou Weizheni Business Service Co., Ltd.* 廣州微臻商務服務有限公司	The PRC 6 May 2022 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services
Juncheng Fangyuan Property Service Co., Ltd.* 廣東筠城方園物業服務有限公司	The PRC 31 March 2020 Limited liability company	the PRC	RMB10,000,000	RMB10,000,000	51%	51%	Provision of property management services
Guangdong Yikang Property Service Co., Ltd.* 廣東益康物業服務有限公司	The PRC 2 November 2010 Limited liability company	the PRC	RMB5,000,000	RMB5,000,000	60%	60%	Provision of property management services
Dongguan Yi Yuan Kang Property Service Co., Ltd.* 東莞市益元康物業服務有限公司	The PRC 29 December 2021 Limited liability company	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services
Dongguan Lizhen Property Service Co., Ltd.* 東莞市利貞物業服務有限公司	The PRC 25 July 2022 Limited liability company	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services
Meizhou Yi Run Kang Property Service Co., Ltd.* 梅州市益潤康物業服務有限公司	The PRC 4 August 2022 Limited liability company	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services
Guijing Yuegui Huacheng Property Service Co., Ltd.* 桂平市粵桂花城物業服務有限公司	The PRC 13 June 2006 Limited liability company	the PRC	RMB500,000	RMB500,000	60%	60%	Provision of property management services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/establishment and type of legal entity		Place of operation	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
	2025	2024						
Dongguan Heng Yuan Kang Property Service Co., Ltd.* 東莞市恒元泰物業服務有限公司	The PRC 25 July 2022	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services	
	Limited liability company							
Meizhou Yi Yuan Kang Property Service Co., Ltd.* 梅州市益元康物業服務有限公司	The PRC 20 August 2021	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services	
	Limited liability company							
Guangzhou Hengyuan Property Service Co., Ltd.* 廣州市恒源昌物業服務有限公司	The PRC 8 August 2022	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services	
	Limited liability company							
Changsha Ji Yang Hong Living Service Co., Ltd.* 長沙市霽陽紅生活服務有限公司	The PRC 8 December 2022	the PRC	RMB1,000,000	RMBNil	51%	51%	Provision of property management services	
	Limited liability company							
Liyang Ji Yang Hong Chuang Living Service Co., Ltd.* 瀏陽市霽陽紅創生活服務有限公司	The PRC 13 February 2023	the PRC	RMB500,000	RMBNil	51%	51%	Provision of property management services	
	Limited liability company							
Liyang Ji Yang Hong Fang Chuang Property Service Co., Ltd.* 瀏陽市霽陽紅方創物業服務有限公司	The PRC 28 August 2023	the PRC	RMB500,000	RMBNil	51%	51%	Provision of property management services	
	Limited liability company							
Meizhou Yi He Kang Property Service Co., Ltd.* 梅州市益合康物業服務有限公司	The PRC 15 August 2022	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services	
	Limited liability company							
Guangzhou Litong Business Service Co., Ltd.* 廣州立通商務服務有限公司	The PRC 27 May 2022	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services	
	Limited liability company							
Meizhou Yiyekang Property Service Co., Ltd.* 梅州市益樺康物業服務有限公司	The PRC 7 April 2024	the PRC	RMB500,000	RMBNil	60%	60%	Provision of property management services	
	Limited liability company							
Changsha Ji yang Hong Chuangjia Property Management Co., Ltd.* 長沙市霽陽紅創佳物業管理有限公司	The PRC 25 January 2024	the PRC	RMB500,000	RMBNil	51%	51%	Provision of property management services	
	Limited liability company							
Guangzhou Lifu Business Service Co., Ltd.* 廣州立富商務服務有限公司	The PRC 17 May 2022	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services	
	Limited liability company							

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/establishment and type of legal entity	Place of operation	Authorised/ registered capital	Issued and fully paid capital / paid in capital	Effective interest held by the Company		Principal activities
					2025	2024	
Jiangmen Lijin Business Service Co., Ltd.* 江門立進商務服務有限公司	The PRC 17 June 2022 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services
Guangzhou Nansha Fangyuan Pinju Property Service Co., Ltd.* 廣州南沙方園品居物業服務有限公司	The PRC 10 October 2020 Limited liability company	the PRC	RMB500,000	RMB325,000	69%	69%	Provision of property management services
Guangzhou Weicheng Decoration & Renovation Co., Ltd.* 廣州微誠裝飾裝修有限公司	The PRC 21 November 2021 Limited liability company	the PRC	RMB1,000,000	RMBNil	69%	69%	Provision of community value-added services
Guangzhou Weihui Business Service Co., Ltd.* 廣州微惠商務服務有限公司	The PRC 27 May 2022 Limited liability company	the PRC	RMB500,000	RMBNil	69%	69%	Provision of community value-added services

* The English translated names are for identification purpose only.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. All these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2025	2024
Investment holding	The PRC	1	1
Inactive	The PRC	10	12

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	2025	2024
	RMB'000	RMB'000
Non-current asset		
Interests in subsidiaries	10,488	11,883
Current asset		
Bank balances and cash	213	62
Current liabilities		
Accruals and other payables	1,301	1,368
Amounts due to subsidiaries	27,415	27,551
Total current liabilities	28,716	28,919
Net current liabilities	(28,503)	(28,857)
Total assets less current liabilities	(18,015)	(16,974)
Net liabilities	(18,015)	(16,974)
Capital and reserves		
Share capital	3,403	3,403
Reserves (<i>Note</i>)	(21,418)	(20,377)
Total deficits	(18,015)	(16,974)

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

Fong Ming
Executive Director

Sun Ligong
Executive Director

Note:

Reserves of the Company.

	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	51,677	922	658	(69,040)	(15,783)
Loss for the year	-	-	-	(4,104)	(4,104)
Exchange differences on translation to presentation currency	-	-	(490)	-	(490)
Total comprehensive expense for the year	-	-	(490)	(4,104)	(4,594)
As at 31 December 2024 and 1 January 2025	51,677	922	168	(73,144)	(20,377)
Loss for the year	-	-	-	(1,883)	(1,883)
Exchange differences on translation to presentation currency	-	-	842	-	842
Total comprehensive expense for the year	-	-	842	(1,883)	(1,041)
As at 31 December 2025	51,677	922	1,010	(75,027)	(21,418)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitment

At the end of the reporting period, the Group did not have any significant capital commitment (2024: RMBNil).

(b) Contingent liability

At the end of the reporting period, the Group did not have any significant contingent liability (2024: RMBNil).

41. SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 23 October 2017, the adoption of the share option scheme of the Company (the "**Scheme**") was approved to enable the Company to grant share options to eligible persons as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees. Eligible participants of the Scheme include any director or employee (whether full time or part time), consultant or adviser of the Group who in the sole discretion of the directors has contributed to and/or will contribute to the Group.

The Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Scheme on 23 October 2017. The exercise price for any share under the Scheme shall be a price determined by the directors and notified to each grantee and shall be not less than the highest of (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a share on the date of grant.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 10% of the total number of shares in issue from time to time. No share options may be granted under the Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

There is no general requirement on the minimum period for which a share option must be held or the performance targets which must be achieved before a share option can be exercised under the terms of the Scheme. However, at the time of granting any share option, the directors may, on a case-by-case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the share options to be held and/or the performance targets to be achieved as the directors may determine in its absolute discretion.

During the years ended 31 December 2024 and 2025, there were no share options granted, exercised, cancelled or lapsed under the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

42. DISPOSAL OF SUBSIDIARIES

On 26 February 2025, the Group entered into a share transfer agreement with Hengyuan Taiye (Huizhou) Real estate Co., Ltd.* (恒源泰业(惠州)置业有限公司) (“**Hengyuan Taiye**”), a limited company established under the laws of PRC, ultimately owned by independent third parties, to dispose of 51% of the equity interest in Huizhou Fangxian Jiahe Property Service Co., Ltd.* (惠州方現嘉合物業服務有限公司) (“**Fangxian Jiahe**”) at a cash consideration of RMB255,000. On 28 February 2025, the Group entered into a confirmation letter with Hengyuan Taiye to state that 51% of the equity interest were transferred from the Group to Shengyu Enterprise Development (Guangzhou) Co., Ltd.* (盛譽企業發展(廣州)有限公司) (“**Shengyu**”), a limited company established under the laws of PRC, ultimately owned by independent third parties, at a cash consideration of RMB255,000. The cash consideration was settled by Shengyu to the Group on 13 March 2025. The disposal was completed during the year ended 31 December 2025 and the Group no longer held any interest in Fangxian Jiahe and Fangxian Jiahe ceased to be a subsidiary of the Group.

On 25 September 2025, the Group entered into a share transfer agreement with Meizhou Jiaduhui Technology Co., Ltd. * (梅州佳都匯科技有限公司), a limited company established under the laws of PRC, ultimately owned by independent third parties, to dispose of 100% of the equity interest in Meizhou Fangxian Property Service Co., Ltd. * (梅州市方現物業服務有限公司) (“**Meizhou Fangxian**”) at a cash consideration of RMB855,200. The cash consideration was settled by Meizhou Jiaduhui to the Group by 31 December 2025. The disposal was completed during the year ended 31 December 2025 and the Group no longer held any interest in Meizhou Fangxian and Meizhou Fangxian ceased to be a subsidiary of the Group.

On 25 April 2025, the Group entered into a share transfer agreement with Guangdong Runchang Urban Services Co., Ltd. * (廣東潤昌城市服務有限公司), a limited company established under the laws of PRC, ultimately owned by independent third parties, to dispose of 100% of the equity interest in Dongguan Fuyuan Property Service Co., Ltd. * (東莞市福源物業服務有限公司) (“**Dongguan Fuyuan**”) at a consideration of RMB nil. The disposal was completed during the year ended 31 December 2025 and the Group no longer held any interest in Dongguan Fuyuan and Dongguan Fuyuan ceased to be a subsidiary of the Group.

On 28 November 2025, the Group entered into share transfer agreements with Guangzhou Jucheng Trading Co., Ltd. * (廣州聚呈貿易有限公司) and Guangzhou Juli Chuangzhan Trading Co., Ltd. * (廣州市聚鄰創展商貿有限公司), respectively, limited companies established under the laws of PRC, ultimately owned by independent third parties, to dispose of 100% of the equity interest in Guangzhou Guipu Property Management Service Co., Ltd. * (廣州桂圃物業管理服務有限公司) (“**Guangzhou Guipu**”) at a consideration of RMB nil. The disposal was completed during the year ended 31 December 2025 and the Group no longer held any interest in Guangzhou Guipu and Guangzhou Guipu ceased to be a subsidiary of the Group.

Details of the disposals of these subsidiaries are set out below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

42. DISPOSAL OF SUBSIDIARIES (Continued)

Net assets/(liabilities) at the date of disposal were as follows:

	Fangxian Jiahe RMB'000	Meizhou Fangxian RMB'000	Others RMB'000	Total RMB'000
Net assets/(liabilities) disposed of:				
Property, plant and equipment	49	5	-	54
Deferred tax assets	340	16	-	356
Trade receivables	1,278	642	-	1,920
Bank balances and cash	251	-*	-	251
Trade payables	(427)	(943)	-	(1,370)
Accruals and other payables	(260)	(187)	-*	(447)
Total net assets/(liabilities) disposal of	1,231	(467)	-*	764
Non-controlling interest	(408)	-	-	(408)
Total consideration	255	855	-	1,110
Net (loss)/gain on disposal of subsidiaries	(568)	1,322	-	754
Satisfied by:				
Cash	255	855	-	1,110

Other subsidiaries being disposed of during the year included Guangzhou Guipu and Dongguan Fuyuan. An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Fangxian Jiahe RMB'000	Meizhou Fangxian RMB'000	Others RMB'000	Total RMB'000
Consideration satisfied by cash	255	855	-	1,110
Cash and cash equivalents disposed of	(251)	-*	-	(251)
Net cash inflow arising from disposal	4	855	-	859

* Less than RMB500.

43. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 December 2025, certain subsidiaries of the Group that, in the opinion of the Directors were insignificant to the Group's operations and financial performance were deregistered. Net (liabilities)/assets at the date of deregistration are as follows:

	Cheng hui RMB'000	Zhuhai Xiandai RMB'000	Others RMB'000	Total RMB'000
(Liabilities)/assets over which control was lost:				
Other receivables	-	-	7	7
Accruals and other payables	(872)	(2,944)	-	(3,816)
Total net (liabilities)/assets deregistered	(872)	(2,944)	7	(3,809)
Net gain/(loss) on deregistration of subsidiaries	872	2,944	(7)	3,809

Note: Guangzhou Cheng hui Property Consultancy Limited*(廣州誠匯地產顧問有限公司)("Cheng Hui") and Zhuhai Fangyuan Xiandai Technology Investment Co., Ltd. (珠海方圓現代科技投資有限公司)("Zhuhai Xiandai").

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	350,756	369,101	426,784	511,945	571,408
(Loss)/profit before income tax	(54,980)	(89,332)	(67,486)	30,672	31,293
Income tax (expenses)/credits	(16,481)	10,007	10,374	1,040	(2,028)
(Loss)/profit for the year	(71,461)	(79,325)	(57,112)	31,712	29,265

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Total assets	299,948	366,742	478,291	573,838	454,171
Total liabilities	(293,555)	(281,018)	(305,365)	(336,331)	(249,121)
Net assets	6,393	85,724	172,926	237,507	205,050

Note:

The summary above does not form part of the audited consolidated financial statements.