

佳源服務控股有限公司

JIAYUAN SERVICES HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE: 1153



2025
ANNUAL
REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Li Meng (李猛先生) (*Chairman*)

Mr. Xin Bing (辛冰先生)

Non-Executive Directors

Ms. Ruan Hong (阮紅女士)

(*appointed on 28 February 2025*)

Independent Non-Executive Directors

Mr. Zhang Chen (張辰先生)

Ms. Cui Yan (崔艷女士)

Mr. Cai Sitao (蔡思韜先生)

AUDIT COMMITTEE

Ms. Cui Yan (崔艷女士) (*Chairman*)

Mr. Zhang Chen (張辰先生)

Mr. Cai Sitao (蔡思韜先生)

REMUNERATION COMMITTEE

Mr. Zhang Chen (張辰先生) (*Chairman*)

Mr. Li Meng (李猛先生)

Ms. Cui Yan (崔艷女士)

NOMINATION COMMITTEE

Mr. Li Meng (李猛先生) (*Chairman*)

Mr. Zhang Chen (張辰先生)

Ms. Cui Yan (崔艷女士)

Mr. Cai Sitao (蔡思韜先生)

AUTHORISED REPRESENTATIVES

Ms. Leung Kwan Wai (梁君慧女士)

(*resigned on 20 January 2026*)

Mr. Fan Kwok Man (樊國民先生)

(*appointed on 20 January 2026*)

Mr. Li Meng (李猛先生)

AUDITOR

RSM Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

CLKW Lawyers LLP

(In association with Michael Li & Co.)

As to PRC law:

Zhejiang Yijingyuan Law Firm* (浙江宜景源律師事務所)

As to Cayman Islands law:

Conyers Dill & Pearman

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PRINCIPAL PLACE OF BUSINESS IN PRC

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HEADQUARTERS

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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

PRINCIPAL BANKS

Industrial and Commercial Bank of China
China Construction Bank
Bank of China

JOINT COMPANY SECRETARIES

Mr. Wu Hao (吳昊先生)
Ms. Leung Kwan Wai (梁君慧女士)
(resigned on 20 January 2026)
Mr. Fan Kwok Man (樊國民先生)
(appointed on 20 January 2026)

STOCK CODE

1153

COMPANY'S WEBSITE

<http://jy-fw.cn/>

* For identification purpose only



CHAIRMAN'S STATEMENT

To the shareholders of the Company:

On behalf of the board (the “Board”) of directors (the “Directors”) of Jiayuan Services Holdings Limited (the “Company” or “Jiayuan Services,” together with its subsidiaries, the “Group”), I am pleased to present the report on the annual results of the Group for the year ended 31 December 2025.

Over the past year, the property industry has embraced a historic turning point and opportunities. For the first time, property services have been integrated into the top-level design of the national “15th Five-Year Plan,” which explicitly promotes the industry’s transformation from traditional operation toward a modern, smart and green development model. This marks a pivotal upgrade of property services from a “logistical support function” to a “critical pillar of livelihood security and social governance.” Of particular significance, the industry’s regulatory philosophy has undergone a fundamental shift: the conceptual transition from “property management” to “property services” has been formally institutionalized. This not only clarifies the equal contractual relationship between property enterprises and owners, but also steers the industry toward a value-centric return, shifting its focus from “scale expansion” to “quality enhancement.”

The past year represents the first full fiscal year since the Group’s new controlling shareholder assumed control and completed the strategic restructuring of the Board. It also marks the first year that the Group separated from its former real estate system and evolved into a fully independent, market-oriented third-party property enterprise, a milestone year of transformation in the Group’s development history. Thanks to the relentless dedication of all colleagues, the Group has delivered a pragmatic, steady and solid performance.

First, building on its established diversified and complementary governance structure, the Group further refined the management. While upholding overall operational stability, the Group established a collective decision-making mechanism for the management and optimized the division of responsibilities. These measures have not only strengthened alignment between the management team and regional subsidiaries, but also enhanced coordination between the management and the Board. The Group has thus built a modern governance system that balances scientific decision-making and robust operations, integrating diverse perspectives with professional expertise. This is exactly the core foundation for the Group to adapt to industry changes and pursue innovative growth. Second, the Group properly and efficiently resolved several major long-standing legacy issues. This has not only driven a substantial improvement in profitability for the current period, significantly optimized the asset-liability structure and consolidated the Group’s financial footing, but also demonstrated the restructured Board’s firm determination to address historical burdens and its forward-looking strategy for the Group to pursue development with a lighter balance sheet. Third, in line with prevailing industry development trends, the Group has remained committed to a high-quality development strategy. The Group has orderly exited low-quality projects lacking stable cash flow, while proactively expanding in the competitive market and optimizing the project portfolio. As a result, the Group has achieved simultaneous growth in both the scale and the “intrinsic value” of the managed properties. Lastly, amid evolving internal and external environments, the Group has maintained “uninterrupted, high-efficiency” daily operations across the organization while sustaining a high gross profit margin. This fully reflects the Group’s outstanding cost control capabilities and premium service capacity supported by its mature operation and service system.

Looking ahead, the Board will further act as a vital bridge between shareholders and the Group. Leveraging the controlling shareholder's strengths in digital technologies and internet ecosystem resources, the Board will empower the Group to advance digital transformation in a targeted and efficient manner, and continuously expand the frontiers of smart services. Meanwhile, drawing on its diversified professional expertise, the Board will lead the Group in formulating more inclusive policies on workforce diversity, fostering a work environment that values differences and ensures equal opportunities. Furthermore, with extensive governance experience, the Board will guide the Group to achieve new breakthroughs in ESG practices, promote long-term value creation and sustainable development, and deliver shared benefits to all stakeholders.

As an ancient saying puts it: "concentrate all strength in one direction, and all gains will follow." We firmly believe that only through sustained value creation can an enterprise achieve enduring stability and prosperity. The Group now stands at a new historical starting point. We are confident and capable of reshaping value through professionalism and winning the future through quality services in this property service industry closely tied to people's well-being. The road ahead may be long and challenging, but progress begins with action; with unremitting perseverance, a bright future awaits.

By order of the Board
Jiayuan Services Holdings Limited
Chairman and Executive Director
Li Meng



MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Looking back on 2025, the national and local governments intensively issued policies and regulations governing the property industry. Against the policy backdrop of "Good House, Good Residential Complex, Good Community and Good Urban Areas" and "Quality Service", the property industry is under mounting pressure to improve service quality and operational efficiency. The industry's role as a key component of community-level governance and its public welfare nature have become even more prominent. The Ministry of Housing and Urban-Rural Development, together with other relevant authorities, has been advancing urban renewal initiatives, emphasizing the enhancement of housing design, construction, maintenance, and service levels across the entire value chain. Efforts continue to promote the implementation of enhancing housing quality and the initiative to improve property services, while accelerating the establishment of a comprehensive safety management system covering the full life-cycle of buildings. These efforts provide important guidance for relevant work deployments during the 15th Five-Year Plan period. Meanwhile, local authorities have carried out targeted rectification campaigns to address prominent issues in the property service sector, tightening regulations on the use of public proceeds and special maintenance funds for residential properties, while also driving improvements in service quality. These efforts are accelerating the upgrade of service models toward greater specialization, digitalization, and scenario-based applications. Property enterprises are rapidly transforming from traditional "gatekeepers" into key participants in urban governance.

BUSINESS REVIEW

As at 31 December 2025, the Group had 259 property management projects with contracted GFA of approximately 53.0 million sq.m., representing a decrease of approximately 3.7% and 2.9%, respectively, as compared with that of 269 property management projects with contracted GFA of approximately 54.6 million sq.m. in the corresponding period in 2024. As at 31 December 2025, the Group had GFA under management of approximately 45.7 million sq.m., representing an increase of approximately 5.1% as compared with that of approximately 43.5 million sq.m. in the corresponding period in 2024. The increase in GFA under management was attributable to the further delivery of reserved projects as well as newly won projects through continuous and effective bidding activities in the market.

The revenue of the Group for the year ended 31 December 2025 was approximately RMB821.2 million, representing a decrease of approximately 4.4% as compared to the corresponding period of approximately RMB858.8 million in 2024. The gross profit of the Group for the year ended 31 December 2025 was approximately RMB231.2 million, representing a decrease of approximately 4.0% as compared to the corresponding period of approximately RMB240.9 million in 2024. The gross profit margin of the Group for the year ended 31 December 2025 was approximately 28.2% compared with that of approximately 28.1% in the corresponding period in 2024. The Group's profit and total comprehensive income for the year increased significantly from approximately RMB13.3 million for the year ended 31 December 2024 to approximately RMB131.5 million for the year ended 31 December 2025.

In terms of the property management service business, revenue from property management services decreased by approximately 2.6% from approximately RMB785.9 million for the year ended 31 December 2024 to approximately RMB765.5 million for the year ended 31 December 2025, primarily attributable to the fact that the entry time of new projects is later than the exit time of phased-out projects.

In terms of value-added services to property developers, revenue from value-added services to property developers decreased by approximately 34.7% from approximately RMB11.3 million for the year ended 31 December 2024 to approximately RMB7.4 million for the year ended 31 December 2025, primarily attributable to the decrease in the number of venue services items.

In terms of community value-added services, revenue from community value-added services decreased by approximately 21.5% from approximately RMB61.6 million for the year ended 31 December 2024 to approximately RMB48.4 million for the year ended 31 December 2025, primarily due to the intensifying competition in the market of household consumption and the decrease in the unit price per resident to whom the Group provided community value-added services.

FINANCIAL REVIEW

Revenue

The revenue of the Group derives from three types of services: (i) property management services; (ii) value-added services to property developers; and (iii) community value-added services. The revenue of the Group decreased by approximately 4.4% from approximately RMB858.8 million for the year ended 31 December 2024 to approximately RMB821.2 million for the year ended 31 December 2025.

The following table sets forth the details of the Group's revenue by types of services for the years indicated:

	2025		Year ended 31 December 2024		Changes	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	765,515	93.2	785,918	91.5	(20,403)	(2.6)
Value-added services to property developers	7,367	0.9	11,279	1.3	(3,912)	(34.7)
Community value-added services	<u>48,355</u>	<u>5.9</u>	<u>61,583</u>	<u>7.2</u>	<u>(13,228)</u>	<u>(21.5)</u>
	<u>821,237</u>	<u>100</u>	<u>858,780</u>	<u>100</u>	<u>(37,543)</u>	<u>(4.4)</u>

Property management services

Revenue from property management services decreased by approximately 2.6% from approximately RMB785.9 million for the year ended 31 December 2024 to approximately RMB765.5 million for the year ended 31 December 2025, primarily attributable to the fact that the entry time of new projects is later than the exit time of phased-out projects.

Value-added services to property developers

Revenue from value-added services to property developers decreased by approximately 34.7% from approximately RMB11.3 million for the year ended 31 December 2024 to approximately RMB7.4 million for the year ended 31 December 2025, primarily attributable to the decrease in the number of venue services items.

MANAGEMENT DISCUSSION AND ANALYSIS

Community value-added services

Revenue from community value-added services decreased by approximately 21.5% from approximately RMB61.6 million for the year ended 31 December 2024 to approximately RMB48.4 million for the year ended 31 December 2025, primarily due to the intensifying competition in the market of household consumption and the decrease in the unit price per resident to whom the Group provided community value-added services.

Cost of services and sales

The cost of services and sales consists of (i) employee benefit expenses; (ii) maintenance expenses; (iii) expenses for utility; (iv) cleaning and security expenses; (v) greening and gardening expenses; (vi) taxes and surcharges; (vii) office and communication expenses; and (viii) other expenses such as depreciation and amortisation.

Cost of services and sales decreased by approximately 4.5% from approximately RMB617.8 million for the year ended 31 December 2024 to approximately RMB590.0 million for the year ended 31 December 2025, primarily due to the decrease of variable cost.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 4.0% from approximately RMB240.9 million for the year ended 31 December 2024 to approximately RMB231.2 million for the year ended 31 December 2025, which was mainly due to the reduction of overall income.

The gross profit margin increased slightly from approximately 28.1% for the year ended 31 December 2024 to approximately 28.2% for the year ended 31 December 2025. Such an increase was primarily attributable to the increase of gross profit margin from property management services.

The following table sets forth the details of the Group's gross profit and gross profit margin by types of services for the years indicated:

	For the year ended 31 December			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	209,296	27.3	207,493	26.4
Value-added services to property developers	1,447	19.6	2,218	19.7
Community value-added services	20,482	42.4	31,235	50.7
Total	231,225	28.2	240,946	28.1

Property management services

The gross profit margin of property management services increased slightly from approximately 26.4% for the year ended 31 December 2024 to approximately 27.3% for the year ended 31 December 2025. Such an increase was primarily attributable to the fact that the entry time of new projects is later than the exit time of phased-out projects.

Value-added services to property developers

The gross profit margin of value-added services to property developers decreased slightly from 19.7% for the year ended 31 December 2024 to approximately 19.6% for the year ended 31 December 2025.

Community value-added services

The gross profit margin of community value-added services decreased from approximately 50.7% for the year ended 31 December 2024 to approximately 42.4% for the year ended 31 December 2025, primarily due to the increase in the per unit fixed cost from community value-added services provided by the Group.

Other income and expenses, net

Other expenses, net turned from approximately RMB8.9 million for the year ended 31 December 2024 to other income, net approximately RMB2.2 million for the year ended 31 December 2025 mainly due to the increase of other income driven by enhanced efforts to collect bad debt.

Selling and marketing expenses

Selling and marketing expenses decreased from approximately RMB7.0 million for the year ended 31 December 2024 to approximately RMB6.8 million for the year ended 31 December 2025, representing a decrease of approximately 2.5%, mainly as a result of decreased community activities expenses in 2025 relative to 2024.

Administrative expenses

Administrative expenses decreased from approximately RMB80.8 million for the year ended 31 December 2024 to approximately RMB70.6 million for the year ended 31 December 2025, representing a decrease of approximately 12.6%. The decrease was mainly attributable to reduction of non-recurring expenses such as costs incurred for the resumption of trading, legal proceedings, and the reorganisation of the Board.

Finance costs

Finance costs represented interest expenses on bank borrowings and interest expenses on lease liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

Income tax expenses was approximately RMB22.8 million for the year ended 31 December 2025, representing an increase from approximately RMB19.1 million for the year ended 31 December 2024, which was in line with the increase in profit before tax (excluding effect on unauthorised transactions) for the year.

Profit and total comprehensive income for the year

The profit and total comprehensive income for the year increased significantly from approximately RMB13.3 million for the year ended 31 December 2024 to approximately RMB131.5 million for the year ended 31 December 2025, mainly due to the reversal of losses on unauthorized guarantees.

The profit and total comprehensive income attributable to owners of the Company for the year increased significantly from approximately RMB8.2 million for the year ended 31 December 2024 to approximately RMB129.1 million for the year ended 31 December 2025.

Property and equipment

The property and equipment of the Group decreased from approximately RMB22.7 million as at 31 December 2024 to approximately RMB19.2 million as at 31 December 2025, representing a decrease of approximately 15.4%, mainly due to the yearly depreciation of office equipment and operation equipment.

Intangible assets

The intangible assets of the Group comprise property management contracts and goodwill resulting from equity acquisition and the purchase of software.

The intangible assets of the Group decreased from approximately RMB111.3 million as at 31 December 2024 to approximately RMB102.8 million as at 31 December 2025, representing a decrease of approximately 7.6%, mainly due to the yearly amortisation.

Trade and other receivables

Trade receivables mainly arise from provision of property management services, value-added services to property developers and community value-added services. Trade receivables of the Group, net of allowance for impairment, increased from approximately RMB350.9 million as at 31 December 2024 to approximately RMB391.2 million as at 31 December 2025, representing an increase of approximately 11.5%. Such an increase was primarily due to the reduction of collections for the year.

Other receivables mainly consist of deposits and payments made on behalf of customers. Other receivables, net of allowance for impairment increased from approximately RMB56.6 million as at 31 December 2024 to approximately RMB72.5 million as at 31 December 2025, representing an increase of approximately 28.1%, because of the increase in deposits paid to owner's committees on contract-awarding parties for newly secured project bids and occupancy.

Trade and other payables

Trade payables represent the obligations to pay for goods and services acquired in the ordinary course of business from sub-contractors. Trade payables decreased from approximately RMB78.1 million as at 31 December 2024 to approximately RMB76.7 million as at 31 December 2025, representing a decrease of approximately 1.8%. The decrease is mainly due to a slight decline in payables to outsourced security, cleaning, and certain operational supplies providers.

Other payables mainly represent (i) payroll payable; (ii) deposits received such as performance deposits, retention deposits from property owners, decoration deposits and tender bond; and (iii) owners' maintenance fund which represented various proceeds received on behalf of the property owners. Other payables increased from approximately RMB295.6 million as at 31 December 2024 to approximately RMB313.5 million as at 31 December 2025, mainly due to the Group collecting a certain amount or percentage of service performance deposits from outsourced units, such as fire protection maintenance and elevator maintenance providers, to ensure the quality of their services.

Contract liabilities

Contract liabilities mainly arise from property management fee received upfront as of the beginning of a billing cycle but are not recognised as revenue. Contract liabilities increased from approximately RMB121.7 million as at 31 December 2024 to approximately RMB122.5 million as at 31 December 2025, primarily due to enhanced efforts to collect the upfront property fee.

Liquidity, financial and capital resources

As at 31 December 2025, the total cash and cash equivalents and restricted bank deposits of the Group amounted to approximately RMB33.9 million (2024: RMB60.8 million) and approximately RMB1.7 million (2024: RMB2.5 million), respectively. The total bank deposits decreased by 43.7% throughout the corresponding periods.

As at 31 December 2025, the Group had bank borrowings of approximately RMB6.5 million (2024: RMB18.6 million), among which approximately RMB6.5 million (2024: RMB12.1 million) will be repayable within one year or on demand. As at 31 December 2025, all current bank borrowings of the Group were denominated in RMB and carried an effective interest rate of 3.9% (2024: 4.00%) per annum. As at 31 December 2025, bank borrowings of approximately RMB6.5 million were secured by 100% equity interest of Shanghai Jiayuan Baoji Property Services Co., Ltd. (2024: RMB18.6 million).

The Group's short-term liquidity position has strengthened compared to last year. As at 31 December 2025, the Group's net current liabilities amounted to approximately RMB177.7 million while the Group's net current liabilities amounted to approximately RMB305.2 million as at 31 December 2024. As at 31 December 2025, the Group's current ratio (current assets/current liabilities) was approximately 0.74 while the Group's current ratio was approximately 0.61 as at 31 December 2024.

As at 31 December 2025, the gearing ratio, calculated as the total liabilities divided by the total assets of the Group, was 97.0% (2024: 115.8%).

Future Prospects

In the year ahead, as the industry enters a new stage of high-quality development, we will take pragmatism and stability as our core theme, addressing real challenges while pursuing steady progress and continuous improvement. Customer satisfaction stands at the center of service delivery, and operational excellence follows our “success triangle (成功三角)” of a record-high collection rate, reasonable profit margins and healthy cash flow. Both service and management will be advanced with equal commitment and firm resolve. Specifically, we will act along the following strategic roadmap.

- (I) Anchoring our operations in safety. We will foster an enterprise-wide safety mindset of “life first, prevention foremost”. We will build a “full-cycle, all-factor” closed-loop risk management system and create a collaborative safety community with “multi-party coordination and broad participation”. We will establish a “comprehensive and systematic” safety guarantee mechanism to underpin all operations.
- (II) Centering our services on customers. We will embrace a long-term service philosophy and transition from a physical space manager to a community ecosystem builder. We will improve compliance service systems and frameworks, demonstrate a strong compliance image and deliver tangible value throughout service processes. We will also deepen emotional connections with stakeholders through comprehensive, multi-touchpoint and high-frequency engagement.
- (III) Focusing our operations on profitability. We will abandon unrealistic expectations of excessive profits and continuously optimize rational profit targets. We will renew our philosophy and refine our profitability evaluation mechanism based on industry characteristics and our actual conditions. We will implement refined management, optimize energy consumption controls, practice strict economy and eliminate unnecessary waste and operational loopholes.
- (IV) Managing revenue and expenditure around capital stability. We will align expenditure with revenue and arrange capital deployment rationally. We will use expenditure planning to drive fee collection, set scientific collection targets and assign clear accountability to individuals. We will strengthen oversight and dynamic adjustment of budget execution, backed by rigorous performance assessment and strong incentives to maintain a dynamic balance between operating revenue and expenditure.
- (V) Pursuing expansion through deep cultivation of our business. We will safeguard our core portfolio and build flagship projects to showcase service quality and earn market recognition. We will explore resources, be proactive in exploring new possibilities and establish honest, mutually beneficial and win-win partnerships across multiple channels. We will further optimize expansion incentives under the principle of pursuing profits supported by stable cash flow.
- (VI) Driving empowerment through digitalization. We will improve internal operational efficiency by phasing in digital systems for project management, staffing scheduling and cost control. We will target high-frequency service scenarios for owners and properly develop an integrated data chain covering the full cycle of “service demand – response and resolution – feedback and improvement”.

Capital commitments

As at 31 December 2025, the Group did not have any material capital commitments.

Contingent liabilities

In addition to the unauthorised Pledged Shares and unauthorised guarantee for which provisions have been made for with details of which are set out below, as at 31 December 2025, certain subsidiaries of the Company are defendants in various claims, lawsuits, arbitrations and potential claims relating to property management contract and employment dispute. The directors of the Company (the “Director(s)”) after due consideration of each case and with reference to legal advice, consider the claims not result in any material adverse impact on the consolidated position or results of operations of the Group.

Unauthorised shares pledged

As detailed in the announcements of the Company dated 25 September 2024 and 30 September 2024 and the notes to the audited consolidated financial results of the Group for the year ended 31 December 2022, during the Independent Internal Control Review, it was identified that during the financial year ended 31 December 2022, Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司) (“Zhejiang Heyuan”), an indirect wholly-owned PRC subsidiary of the Company, entered into the share pledge agreement (the “Share Pledge Agreement”) with Mr. Zang Ping (“Mr. Zang”), an independent third party, pursuant to which, among others, Zhejiang Heyuan agreed to pledge its equity interest in Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司) (currently known as Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司), also an indirect wholly-owned PRC subsidiary of the Company) (“Zhejiang Jiayuan Services”) in the principal amount of RMB500,000,000, and all underlying interest thereof (the “Pledged Shares”) to Mr. Zang. The pledge was to secure the repayment obligation of Mr. Shum (as defined below), as borrower, in respect of the loan agreement dated 31 March 2022 entered into between (i) Mr. Zang as the lender; (ii) Mr. Shum Yuxing (沈玉興), also known as Mr. Shum Tin Ching (沈天晴) (“Mr. Shum”), the then ultimate controlling shareholder of the Company as at the material time of entering into of the Share Pledge Agreement, as the borrower; and (iii) Jiayuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) (“Jiayuan Chuangsheng”), a company ultimately and beneficially wholly-owned by Mr. Shum, as the guarantor in relation to the provision of the loan in the principal amount of RMB80,000,000.

Mr. Zang had brought a legal proceeding in the PRC against Mr. Shum and Jiayuan Chuangsheng in July 2022. In September 2022, a civil mediation paper was issued, affirming Mr. Zang's right to enforce repayment of the loan's principal and interest, and to receive preferential rights to proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and ordered for the resumption for the execution of such case to be resumed in March 2024. In July 2024, one of the pledged properties has been auctioned successfully and two additional pledged properties were auctioned by December 2025. There were no further actions taken on the remaining pledged properties and the Pledged Shares as at the date of this report.

The Group recognised a provision of approximately RMB68,414,000 for loss on unauthorised Pledged Shares as at 31 December 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Unauthorised Guarantees to the then ultimate controlling shareholder

References are made to the announcements of the Company dated 13 November 2024 and 13 December 2024 (the “Unauthorised Guarantee Announcements”) in relation to, among others, the provision of the unauthorised guarantee by the Group to the then ultimate controlling shareholder during the year ended 31 December 2023.

Each of Jiayuan Chuangsheng (a company ultimately and beneficially wholly-owned by Mr. Shum), Zhejiang Heyuan (an indirect wholly-owned subsidiary of the Company) and Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd.* (浙江智想大成物業服務集團有限公司) (formerly known as Zhejiang Jiayuan Services at the material time) (“Zhejiang Zhixiang Dacheng”) (an indirect wholly-owned subsidiary of the Company) has entered into the Guarantee Agreements with Shanghai Jinyuan Investment Centre (Limited Partnership)* (上海金轅投資中心(有限合夥)) (“Shanghai Jinyuan”) and Shanghai Zhijin, Asset Management Co., Ltd.* (上海智金資產管理有限公司) (“Shanghai Zhijin”), both independent third parties, pursuant to which, among others, each of Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng has agreed to provide joint liability guarantees for the payment obligations of Chaohu Xutong Business Management Co., Ltd.* (巢湖市旭彤商業管理有限公司) (“Chaohu Xutong”) under the equity transfer agreement dated 27 July 2023 entered into between Chaohu Xutong as transferee and Shanghai Jinyuan and Shanghai Zhijin as the transferors in relation to, among others, the transfer of the entire equity interest in Hefei Hongguo Hotel Management Co., Ltd.* (合肥弘果酒店管理有限公司) to Chaohu Xutong at a consideration of RMB123 million (the “Consideration”).

In December 2023, Shanghai Jinyuan and Shanghai Zhijin filed a request for arbitration (“Arbitration Request”) to the Shanghai Arbitration Commission (the “SAC”) requested, among others, (a) Chaohu Xutong to pay the Consideration; and (b) Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng to be jointly liable for the liability of Chaohu Xutong under the Equity Transfer Agreement.

In April 2024, the legal adviser of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng, without being properly authorised, attended the arbitration hearing and entered into a settlement agreement (the “Settlement Agreement”). Subsequently, the SAC issued the Arbitration Mediation Statement ((2024) Huzhonganzi No. 0279 ((2024)滬仲案字第 0279 號)) to confirm the terms of the Settlement Agreement.

On 8 October 2024, based on the Arbitration Mediation Statement, the Shanghai No. 2 Intermediate People's Court accepted the Arbitration Request and issued an enforcement notice (the "Enforcement Order") to Zhejiang Heyuan and Zhejiang Zhixiang Dacheng ordering for the compulsory enforcement of the Arbitration Mediation Statement and certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng of up to the amount of approximately RMB124 million be frozen. The Board only became aware of the Arbitration Mediation Statement and the Enforcement Orders upon discovering that certain bank accounts of Zhejiang Heyuan and Zhejiang Zhixiang Dacheng have been frozen. In May 2025, Shanghai Jinyuan and Shanghai Zhijin as applicants and Chaohu Xutong, Jiayuan Chuangsheng, Zhejiang Heyuan and Zhejiang Zhixiang Dacheng as enforcees (the "Enforcees") entered into an enforcement settlement agreement (the "Enforcement Settlement Agreement"), pursuant to which, among others, each of Shanghai Jinyuan and Shanghai Zhijin have agreed to settle all the obligations of the Enforcees under the Equity Transfer Agreement and the Guarantees in the amount of RMB86,000,000, of which (i) RMB43,000,000 were satisfied by Jiayuan Chuangsheng or its related parties by way of assignment of 1,034 car parking spaces; and (ii) the remaining RMB43,000,000 were satisfied by Zhejiang Heyuan and Zhejiang Zhixiang Dacheng in cash. In light of the entering into of the Enforcement Settlement Agreement, the Shanghai No. 2 Intermediate People's Court lifted the Enforcement Order and concluded the execution of the relevant case in May 2025.

As a result, the Group recorded a reversal of loss on unauthorised guarantee amounting to RMB109,340,000 during the period, comprising (i) RMB66,340,000, being the difference between the provision and the settlement amount, and (ii) RMB43,000,000 attributable to the car parking spaces. The remaining provision of RMB43,000,000 was reclassified as other payables. By 31 December 2025, all of the unauthorised guarantee payables were settled in accordance with the terms of the Enforcement Settlement Agreement.

Save as disclosed above, as at 31 December 2025, the Group did not have any other material contingent liabilities.

Pledge of assets

As at 31 December 2025, the Group has the following pledge of material assets:

100% equity interest of the subsidiary, Shanghai Jiayuan Baoji Property Services Co., Ltd. was pledged as security for bank borrowings.

The Group has pledged the Pledged Shares as described in the subsection "Contingent liabilities – Unauthorised shares pledged" above.

Additional information on material uncertainty related to going concern

The Company's auditor, RSM Hong Kong, issued a material uncertainty related to going concern for the year ended 31 December 2025. Details are disclosed in the Independent Auditor's Report of this report.

MAJOR RISKS AND UNCERTAINTIES

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

Industry risks

The operation of the Group may be affected by the regulatory landscape of the PRC property management industry and related measures. In particular, any price control policies of the PRC government in relation to property management fees. The PRC government may also promulgate new laws and regulations related to other aspects of the Group's industry. This could increase the compliance and operational costs of the Group, thereby materially and adversely affecting the business, financial condition and results of operations of the Group. A significant portion of the Group's operations are concentrated in the Yangtze River Delta region. The Group is susceptible to any adverse development in government policies or business environment (including the level of economic activities and the future regional development prospects) in that region. The business performance of the Group depends on the total GFA under management and the number of projects under management. The Group has been seeking to expand the Group's business since the Group's inception through organic growth as well as acquisitions of and investment in other companies. However, the expansion plans of the Group may be affected by the economic condition in general of the PRC, market prospects and development. The Group cannot guarantee that the Group will be able to grow its business as planned.

Business risks

The Group's profitability depends on its ability to estimate or control the costs in performing our property management services. The Group's profit margin and operating results may be significantly and adversely affected by the increase in labor costs, sub-contracting costs and other operating costs. The Group may not be able to collect property management fees from property owners, residents and property developers and as a result, the Group's business, financial position and results of operations may be materially and adversely affected. The Group cannot guarantee that it is able to renew its existing property management service contracts on favorable terms. There is no guarantee that the Group would be able to find other business opportunities and enter into alternative property management service contracts on favorable terms, or at all.

Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Directors expected that the RMB exchange rate would not have any material adverse effect on the operations of the Group. The Group will closely monitor the fluctuations of the RMB exchange rate and adopt prudent measures to reduce potential foreign exchange risk. As at 31 December 2025, the Group did not engage in hedging activities for managing the foreign exchange risk.

Interest rate risk

Except for the interest-bearing bank borrowings, the Group was not exposed to material risk directly relating to changes in market interest rate as at 31 December 2025.

SIGNIFICANT INVESTMENT HELD

The Group had no significant investment held as at 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

EMPLOYEES AND REMUNERATION POLICY

The Group had 5,494 full-time employees as at 31 December 2025 (2024: 5,841). The total staff costs for the year ended 31 December 2025 were approximately RMB359.9 million (2024: RMB386.8 million). Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with the Group's remuneration and welfare policies, the employees' positions, performance, company profitability, industry level and market environment.

STAFF TRAINING AND DEVELOPMENT

The Group regards optimising and perfecting its staff training course system as an essential task. We not only value the establishment and improvement of staff training standard system, but also strive to improve the overall quality and service level of staff through those measures. To meet the Group's needs for building its product system, we have continuously optimized our corporate culture and product training course system, enriched professional training content, and laid a solid foundation for the Group in talent reserve and motivation.

In 2025, focusing on the needs of the Company's product system development, we continuously optimized the corporate culture and product training course system, and further enriched the professional training content. In designing the training content, we developed a training system featuring "hierarchical and classified management and targeted empowerment" based on the growth needs and job characteristics of employees at different levels, including training for new hires and frontline employees, frontline management positions, and middle and senior management. In summary, through multi-scenario and immersive training design, we effectively helped frontline managers improve their situational responsiveness, team coaching capabilities and service quality control abilities, ensuring the standardization, efficiency and service quality of frontline operations, and consolidating the basic units of the Group's operations.

As at 31 December 2025, the total annual training hours amounted to 105,081 hours, representing an average of 16.43 training hours per employee, achieving full coverage of all staff. During the year, the Group organized four sessions of training programs for project leaders across the system and one special training session on human resources and administration, covering all middle managers with a total of 345 participants. Through such a training model of tiered instruction and targeted empowerment, the Group continuously aligned the personal growth of employees with the overall development of the Group, injecting a steady stream of talent impetus into the long-term sustainable development of the Group. It is expected that every employee will continuously improve themselves and contribute to the sustained development of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

To ensure the quality and effectiveness of training, the Group has continuously enriched its training courses and teaching methods, with a focus on enhancing the practicality and interactivity of training. We have flexibly adopted various teaching methods including physical training, case studies, role-playing and simulation drills, aiming to help employees deepen their understanding of corporate culture, consolidate professional knowledge and strengthen practical skills, so as to effectively translate training outcomes into improved work efficiency and service quality. Through systematic training, we aim to standardize service processes and comprehensively enhance employees' service standards and professional capabilities, thereby driving the overall service quality of the Group to a new level. The Group has continued to improve its training evaluation system, dynamically optimized training programs in close connection with employees' actual needs and business development directions, and integrated training with employees' career development paths to achieve a win-win situation for individual growth and organizational development.



DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management as at the date of this annual report were as follows:

EXECUTIVE DIRECTORS

Mr. Li Meng (李猛) (“Mr. Li”), aged 34, was appointed as an executive Director on 10 December 2024, and was appointed as the general manager of Zhejiang Zhixiang Dacheng in October 2025. Mr. Li has extensive experience in the bond capital market and financing, particularly in various standardized bond issuances and non-standard business financing. Since 2021, Mr. Li has been serving as vice president of the fixed income department at Valuable Capital Limited, a limited company incorporated in Hong Kong and a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”), responsible for the debt capital market business. Mr. Li is currently licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. Prior to that, from 2016 to 2020, Mr. Li worked at Sinotruk (Hong Kong) International Investment Limited* (中國重汽(香港)國際資本有限公司), where he was responsible for financing, investment, and sales in the Hong Kong market, successfully expanding several high-end overseas markets. Mr. Li obtained a bachelor’s degree in engineering from Shandong Jiaotong University in 2015.

Mr. Xin Bing (辛冰) (formerly known as Xin Bing 辛兵) (“Mr. Xin”), aged 59, was appointed as an executive Director on 10 December 2024. Mr. Xin obtained a bachelor’s degree in engineering from Huazhong University of Science and Technology* (華中科技大學) (formerly known as Huazhong University of Science and Technology* (華中理工大學)) in 1988 and a master’s degree in business administration from China Europe International Business School* (中歐國際工商學院) in 2022. Mr. Xin has been the director of Beijing Extreme Experience Travel Service Co., Ltd.* (北京極度體驗旅遊服務有限公司) since 2016. Prior to that, he worked as administration general manager at Chongqing Zhongya Zhongli Tax Agents Co., Ltd.* (重慶中亞眾力稅務師事務所有限公司) from 2005 to 2015, and as deputy general manager at Chongqing Chunyu Industrial (Group) Co., Ltd.* (重慶春語實業(集團)有限公司) from 2001 to 2004. He also worked as deputy general manager at Chongqing City Yubei Housing Development Co., Ltd.* (重慶市渝北房屋開發公司) from 1999 to 2001 and as manager of the planning department at Chongqing Jiazhou Property Development Co., Ltd.* (重慶加州物業服務有限公司) from 1992 to 1999. He served as assistant engineer at Chengdu Industrial Economic Technology Development Co., Ltd.* (成都工業經濟技術開發公司) from 1988 to 1991.

NON-EXECUTIVE DIRECTOR

Ms. Ruan Hong (阮紅) (“Ms. Ruan”), aged 64, was appointed as a non-executive Director on 28 February 2025. Ms. Ruan obtained her master’s degree in business administration from Tongji University in September 2011. Ms. Ruan has over 40 years of experience in accounting and finance. She is currently a senior economist and has obtained the qualification of independent director in February 2017. Ms. Ruan has worked as a deputy president of The Bank of Jiaxing from July 2010 to February 2017. She had served as a president of (i) Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd.* (浙江智想大成物業服務集團有限公司) and (ii) Zhejiang Heyuan Property Services Co., Ltd.* (浙江禾源物業服務有限公司), both wholly-owned subsidiaries of the Company from July 2024 to October 2025.



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Chen (張辰) (“Mr. Zhang”), aged 42, was appointed as an independent non-executive Director on 10 December 2024. Mr. Zhang obtained his bachelor’s degree in dental surgery from the University of Hong Kong in November 2008 and his master’s degree in dental surgery (periodontology) from the University of Hong Kong in November 2012. He has been a registered dentist in Hong Kong since August 2008. Mr. Zhang has over 9 years of experience in business management. Mr. Zhang has been serving as an independent non-executive director at Beijing UBOX Online Technology Corp.* (北京友寶在線科技股份有限公司) (Stock Code: 2429) since June 2021. Mr. Zhang has established and operated his own clinic, Dr. Johnson’s Clinic Limited* (張辰醫生牙科診所有限公司) since 2014. From June 2010 to 2014, he worked as a dentist at Dental World Ltd.

Ms. Cui Yan (崔艷) (“Ms. Cui”), aged 45, was appointed as an independent non-executive Director on 10 December 2024. Ms. Cui obtained her bachelor’s degree in management (majoring in accounting) from the University of Petroleum, Beijing* (石油大學(北京)) in 2003 and her master’s degree in management from the China University of Petroleum, Beijing* (中國石油大學(北京)) in 2006. Ms. Cui has been serving as executive director, board secretary and vice president at Beijing UBOX Online Technology Corp.* (北京友寶在線科技股份有限公司) (Stock Code: 2429) since 2016 and worked as financial director in the same company from 2012 to 2016. She worked as manager at Grant Thornton Zhitong Certified Public Accountants LLP* (致同會計師事務所(特殊普通合夥)) from 2006 to 2011.

Mr. Cai Sitao (蔡思韜) (“Mr. Cai”), aged 41, was appointed as an independent non-executive Director on 10 December 2024. Mr. Cai obtained his associate degree in fashion design and craftsmanship from Guangzhou University* (廣州大學) in 2008. Mr. Cai is a multimedia creator with extensive experience in brand positioning and brand design. Mr. Cai has been serving as brand director for Guangzhou City Guangjiu Catering Management Co., Ltd.* (廣州市廣九餐飲管理有限公司) since 2022, and for Guangzhou Songyuan Cuisine Co., Ltd.* (廣州松苑飲食有限公司) since 2023. Additionally, he has been serving as supervisor and executive director at Guangzhou Fastfoot Branding Strategy Co., Ltd.* (廣州急急腳品牌策略有限公司) since 2019, and as executive director at Guangzhou Fastfoot Coffee Co., Ltd.* (廣州急急腳咖啡有限公司) since 2019. Mr. Cai is also the executive director of Guangzhou Zaisan Art and Culture Co., Ltd.* (廣州再叁文化藝術有限公司) since 2016.

SENIOR MANAGEMENT

Mr. Deng Guanghua (鄧廣華) (“Mr. Deng”), aged 43, was appointed as the deputy general manager and the general manager of the investment and development department of Zhejiang Zhixiang Dacheng in October 2025 and is mainly responsible for the investment development and market operation, and participates in the consultation and decision-making on the Group’s business affairs.

Mr. Deng Guanghua joined the Group in August 2021 as the general manager of the investment and development center (now renamed as the investment development department) of Zhejiang Zhixiang Dacheng. He has over 16 years of experience in industrial and commercial administration, real estate investment development management and property services corporate investment management. Before joining the Group, he worked in Zhejiang Zhaohui Filter Technology Co., Ltd. as the secretary to the president in December 2008, mainly responsible for administrative management. In April 2011, he served as the secretary to the chairman of Sanhang Holding Group Co., Ltd., mainly responsible for the affairs related to the office of the board of directors. From July 2011 to August 2015, he successively served as the manager of the planning procurement department in Jiaxing Zhencai Building Materials Co., Ltd. (嘉興市真才建築材料有限公司) (currently known as Zhejiang Jiayuan Chuangsheng Real Estate Group Co., Ltd.* (浙江佳源創盛物產集團有限公司)), mainly responsible for the introduction of strategic cooperative suppliers of building materials and equipment and the management of centralised product procurement and supply. From September 2015 to July 2021, he served as the general manager of the comprehensive management center and subsequently the general manager of the investment development center in Zhejiang Jiayuan Hangzhou Real Estate Group Co., Ltd. (浙江佳源杭城房地產集團有限公司), in charge of the company’s human resources and administration, compliance and risk management, development and operation and project investment management.

Mr. Deng Guanghua obtained a bachelor’s degree in business administration from Xi’an University of Finance and Economics in June 2006, and a master’s degree in business management from Zhejiang University of Finance and Economics in March 2009.

Mr. Wei Haizhou (魏海舟) (“Mr. Wei”), aged 53, was appointed as a deputy general manager and general manager of the financial funding department of Zhejiang Zhixiang Dacheng in October 2025. He is primarily responsible for the management of the financial funding and participates in the consultative decision-making process regarding the Group’s operational affairs.

Mr. Wei joined the Group in December 2018 as a manager of the financial audit division (currently known as the financial funding division) of Zhejiang Zhixiang Dacheng. He has 30 years of experience in financial management in the construction, real estate and property industries. He was subsequently appointed as a deputy general manager of the financial audit center of Zhejiang Zhixiang Dacheng (currently known as the financial funding department) in December 2023 and appointed as general manager of the center in June 2024. Prior to joining the Group, Mr. Wei worked as the financial controller of Chongqing No. 10 Construction Co., Ltd. (重慶第十建設有限公司), a company principally engaged in construction projects, from December 2010 to December 2016, and from March 2017 to November 2018, Mr. Wei worked as the financial controller of Chongqing Zesheng Cultural Tourism Group Co., Ltd. (重慶澤勝文化旅遊集團有限公司), a company principally engaged in cultural tourism.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Wei obtained an Executive Master of Business Administration degree from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2015. Mr. Wei obtained a certificate of accountant professional qualification (會計師職稱資格證書) issued by the Ministry of Finance of the PRC (中華人民共和國財政部), a member of The Institute of Public Accountant of Australia and a member of The Institute of Financial Accountants of United Kingdom in 1997 and certified as a senior international finance manager awarded jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會) and Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in 2017. In 2018, he obtained the qualification of the Senior Registered Credit Analyst jointly awarded by the China Center for Financial Training (中國金融培訓中心) and the Global Institute of Financial Professionals (國際金融專業人士協會).

Mr. Chen Baoping (陳保平) (“Mr. Chen”), aged 48, was appointed as a deputy general manager of Zhejiang Zhixiang Dacheng and general manager of the group companies of Zhejiang Zhixiang Dacheng within Jiaxing region in October 2025. He is primarily responsible for the operation and management of the group companies within Jiaxing region and participates in the consultative decision-making process regarding the Group’s operational affairs.

Mr. Chen joined the Group in February 2004 and has accumulated experience through various positions including frontline project roles, project manager and general manager of a branch company, covering the full life cycle management of projects. He was appointed as general manager of the group companies of Zhejiang Zhixiang Dacheng within Jiaxing region in March 2024, fully responsible for the coordinated management of more than 70 projects in Jiaxing, with over 20 years of management experience in the property industry to date.

Mr. Chen obtained a diploma in Business Administration from Nankai University Distance Education College (南開遠程教育學院) in October 2012.

Mr. Huang Yongyu (黃永玉) (“Mr. Huang”), aged 52, was appointed as a deputy general manager of Zhejiang Zhixiang Dacheng and general manager of the group companies of Zhejiang Zhixiang Dacheng within Southern Jiangsu region in October 2025. He is primarily responsible for the operation and management of the group companies within Southern Jiangsu region and participates in the consultative decision-making process regarding the Group’s operational affairs.

Mr. Huang joined the Group in October 2013 and has gained extensive practical experience in project management through roles such as project manager and general manager of a branch company, covering the entire lifecycle of property project management. He boasts nearly 18 years of experience in the property service industry. In July 2022, he served as general manager of the group companies of Zhejiang Zhixiang Dacheng within Southern Jiangsu region, taking full responsibility for the business development and coordinated management of over 40 projects in Taixing, Yangzhou, Nantong, Nanjing, and other areas within Southern Jiangsu. Prior to joining the Group, Mr. Huang served as an engineering supervisor at China Resources Land Limited (華潤置地物業公司) in Wuxi in May 2008, where he was primarily responsible for the refined and standardized engineering management in residential communities. In October 2010, he worked as a property manager at Jiangsu Wuxi Investment Co., Ltd. (江蘇無錫投資有限公司), responsible for the overall property management of commercial complexes and high-end residential communities under the company’s management. In July 2011, he served as a property manager at Changzhou Xincheng Wuyue Commercial Management Co., Ltd. (常州新城吾悅商業管理有限公司), responsible for the overall management of team building, corporate operation and risk prevention and control for the respective residential communities.

Mr. Huang graduated from the Department of Business Administration, Nanjing University Business School (南京商學院工商管理系) in July 2009.

Ms. Rui Ping (芮萍) (“Ms. Rui”), aged 53, was appointed as a general manager of the product operations center (now renamed as the product operations department) of Zhejiang Zhixiang Dacheng in January 2018. She is primarily responsible for quality control and the management of the product operations center of the Group.

Ms. Rui joined the Group in December 2016 as a deputy general manager of the operational management center of Zhejiang Zhixiang Dacheng. She has over 18 years of experience in property management industry. Prior to joining the Group, she worked at the Tongxiang branch of Zhejiang Jiahang Property Management Company Limited (浙江嘉杭物業管理有限公司) (formerly known as Jiaxing Jiaye Yangguang Property Management Co., Ltd. (嘉興市嘉業陽光物業管理有限公司) in 2006. From March 2008 to March 2012, she successively served as a manager of the supervision department and a manager of the operational and management department of Jiayuan Services. From April 2012 to December 2016, she left the Group and worked at Zhejiang Wanbohui Investment Management Co., Ltd. (浙江萬博匯投資管理有限公司), with her last position as a manager of its operational and management department.

Ms. Rui obtained a diploma in administrative management from The Open University of China (國家開放大學) (formerly known as China Central Radio and TV University) (中央廣播電視大學) in the PRC in January 2008.

Ms. Zhang Yaqin (張亞琴) (“Ms. Zhang”), aged 45, was appointed as a general manager of the comprehensive management center of Zhejiang Zhixiang Dacheng (where the human resources management center and the comprehensive management center are merged and which has now been renamed as the personnel administration department) in February 2023, primarily responsible for the management of human resources and administrative comprehensive affairs of the Group.

Ms. Zhang joined the Group in July 2007 as a staff in the human resources and administrative department of Zhejiang Zhixiang Dacheng and served as an assistant manager of the human resource and administrative department in August 2016. From January 2017 to December 2019, she served as the administrative secretary in the comprehensive management center of Zhejiang Zhixiang Dacheng. She was appointed as a deputy general manager of the human resources management center in January 2020 and was concurrent in charge of the comprehensive management center in April 2021. Prior to joining the Group, from October 2006 to March 2007, Ms. Zhang worked at Jiaxing Yihe Import and Export Trading Co., Ltd. (嘉興市億禾進出口貿易有限公司), a company mainly engaged in commodity distribution and import and export of technology.

Ms. Zhang obtained a bachelor's degree in art designing from Zhejiang Sci-Tech University (浙江理工大學) in the PRC in June 2004.



DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Fan Kwok Man (樊國民) (“Mr. Fan”), aged 40, was appointed as one of the joint company secretaries of the Company on 20 January 2026. Mr. Fan has been appointed as the company secretary of Rare Earth Magnesium Technology Group Holdings Limited (stock code: 00601) with effect from August 2015. Mr. Fan holds a Bachelor of Business Administration in Insurance, Financial and Actuarial Analysis from the Chinese University of Hong Kong and he is member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in auditing, accounting, financial management and corporate finance.

Mr. Wu Hao (吳昊) (“Mr. Wu”), was appointed as one of the joint company secretaries of the Company on 28 December 2024. Mr. Wu is currently an investment development manager of Zhejiang Zhixiang Dacheng, a wholly-owned subsidiary of the Company. Mr. Wu joined the Group in 2020 and is responsible for, among other things, providing assistance in developing strategies and development plans of the Group, analysing and mapping out industry information and development trends in the market, analysis, evaluating and conducting due diligence on acquisition projects, etc. Mr. Wu has over 19 years of experience in the financial analysis and investment industry, where he has previously served as investment director or financial analyst of investment companies in the PRC prior to joining the Group. Mr. Wu obtained the certificate from the CFA Institute (Chartered Financial Analyst Institute) in September 2019 and has passed all the required subjects of the professional stage of the National Uniform CPA Examination of the PRC in November 2023. He obtained his Master of Business Administration from the Zhejiang University of Finance & Economics in June 2024 and his bachelor degree in finance management from the Shanghai University of International Business and Economics in July 2005.



REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 55 of this annual report.

DIVIDENDS

The Company has adopted a dividend policy, which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits, as dividends to the Shareholders.

The Board is committed to maintain a stable dividend policy to ensure sustainable and steady returns for Shareholders. After considering the composition of the result and cash flows of the Group, the Board do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

BUSINESS REVIEW

A fair review of the Group's business, a discussion and analysis of the Group's performance for the year ended 31 December 2025, the material factors underlying its results and financial position and the likely future development are included in the section headed "Management Discussion and Analysis" from pages 6 to 18 of this annual report. Discussion details on the Group's environmental policies and performance are set out in the section headed "Environmental Policies and Performance" below; the status of the Group's compliance with the relevant laws and regulations that have material impact on the Group is set out in the section headed "Compliance with Laws and Regulations" below; and the description of the principal risks and uncertainties facing the Company are set out in the section headed "Management Discussion and Analysis." The aforesaid discussion forms a part of the Directors' Report.





REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company will publish an Environmental, Social and Governance Report separately on the websites of the Company and the Stock Exchange.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Group continues to comply with the relevant laws and regulations such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and other applicable laws and regulations. Based on information available, the Directors take the view that the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the year ended 31 December 2025.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant matters subsequent to the reporting period and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company which will be held on Friday, 15 May 2026 (the "Annual General Meeting"), the register of members of the Company will be closed from Tuesday, 12 May 2026 to Friday, 15 May 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 11 May 2026.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 134 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 23 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders of the Company by reason of their holding of the shares of the Company.

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 58 of this annual report and note 24 to the consolidated financial statements.

Details of the movements in the reserves of the Company for the year are set out in note 33(a) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution under the Companies Laws of the Cayman Islands, consisted of share premium and retained earnings amounted to RMB289,610,000 (2024: RMB296,902,000).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the year.

SIGNIFICANT RELATIONSHIP WITH STAKEHOLDERS

Employees

As at 31 December 2025, the Group had a total number of 5,494 (2024: 5,841) employees. During the year ended 31 December 2025, relationship between the Company and the employees remained stable. The Company did not experience any strikes or other labour disputes which would have material impact on the business activities of the Company.



REPORT OF THE DIRECTORS

Customers

The Group understands the importance of maintaining good relationship with customers. The Group has established internal policies and procedures to timely record, respond to and follow up with customers' complaints and feedback which allows the Group to expand its service offerings, and improve its communication methods and issue handling capabilities based on customer experiences.

Suppliers

During day-to-day operation and management, the Company maintained constant communication with the suppliers to understand their opinions and requirements and responded actively in order to enhance trust in partnering suppliers and strengthen bilateral cooperative relationship.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, both the percentage of purchases attributable to the Group's five largest suppliers and the percentage of revenue attributable to the Group's five largest customers were less than 30% of the total purchases and total revenue of the Group respectively.

DIRECTORS

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

Executive Directors

Mr. Li Meng
Mr. Xin Bing

Non-executive Director

Ms. Ruan Hong (*appointed on 28 February 2025*)

Independent Non-executive Directors

Mr. Zhang Chen
Ms. Cui Yan
Mr. Cai Sitao

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 19 to 24 of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 December 2025.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Li Meng and Mr. Xin Bing has entered into service agreements with the Company on 10 December 2024 for a term of three years commencing on the date of the service agreements. Such service agreements may be terminated in accordance with the terms of the service agreements.

Each of the non-executive Director and the independent non-executive Directors, namely Ms. Ruan Hong, Mr. Zhang Chen, Ms. Cui Yan and Mr. Cai Sitao, was appointed to the Board pursuant to their respective letters of appointment dated 28 February 2025 (with respect to Ms. Ruan Hong) and 10 December 2024 (with respect to Mr. Zhang Chen, Ms. Cui Yan and Mr. Cai Sitao), respectively. Each of the non-executive Director and independent non-executive Directors was appointed for an initial term of three years commencing from the date of the letters of appointment, and such appointment may be terminated in accordance with the terms of the letters of appointment.

All the Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

No Directors proposed for re-election at the Annual General Meeting of the Company has a service contract that is not determinable within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors is entitled to a basic salary pursuant to their respective service agreements, which is determined with reference to their responsibilities, experience, performance and the prevailing market conditions. In addition, each of them is entitled to a bonus of such amount as the Board may determine in respect of each complete financial year of the Company. The non-executive Director is not entitled to any emolument from the Group for services provided to the Company in her capacity as a non-executive Director.

Each of the independent non-executive Directors is entitled to a director's fee pursuant to his/her letters of appointment, which is determined with reference to his/her responsibilities, experience, performance and the prevailing market conditions. Save for director's fee, each of the independent non-executive Directors is not expected to receive any other remuneration and benefits for holding his/her office as independent non-executive Director respectively.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.



REPORT OF THE DIRECTORS

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the three independent non-executive Directors, an annual confirmation of his/her independence pursuant to the guidelines set out in Rule 3.13 of the Listing Rules. Accordingly, the Company considers that each of the independent non-executive Directors is independent of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE SCHEMES

During the year ended 31 December 2025, the Company had no share option scheme or share award scheme.

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 ended 31 December 2025.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

None of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2025.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 31 December 2025, the following corporations or individuals (other than the Directors or chief executive of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO or required to be disclosed under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial Shareholder	Nature of interest	Number of shares or securities held	Approximate percentage of interest in the Company
Valuable Capital Group Limited ("VCGL")	Interest in controlled corporation	450,162,046 (L) ⁽²⁾	73.59%
Consolidated Capital Group Holding Limited ("CGHL")	Interest in controlled corporation	450,162,046 (L) ⁽²⁾	73.59%
Valuable Capital Limited ("VCL")	Beneficial owner	450,000,000 (L) ⁽²⁾	73.56%
	A concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	162,046 (L) ⁽²⁾	0.03%
Linkto Tech Limited ("Linkto")	A concert party to an agreement to buy shares described in s.317(1)(a) of the SFO	450,000,000 (L) ⁽³⁾	73.56%
	Beneficial owner	162,046 (L) ⁽²⁾	0.03%
First Leading Trading Limited	Beneficial owner	32,124,000 (L)	5.25%



REPORT OF THE DIRECTORS

Notes:

- (1) The letter “L” denotes the person’s long position in the shares of the Company. The letter “S” denotes the person’s short position in the shares of the Company.
- (2) As at 31 December 2025, VCL is directly and wholly owned by CGHL, which is in turn directly and wholly owned by VCGL. Accordingly, each of CGHL and VCGL is deemed to be interested in the 450,162,046 Shares held by VCL by virtue of Part XV of the SFO.
- (3) As at 31 December 2025, Linkto and VCL are concert parties to an agreement to buy shares described in s.317(1)(a) of the SFO, and accordingly, pursuant to s.317 and s.318 of the SFO, Linkto is deemed to be interested in the 450,000,000 Shares beneficially owned by VCL and VCL is deemed to be interested in the 162,046 Shares beneficially owned by Linkto.
- (4) As at 31 December 2025, the total number of issued shares of the Company was 611,709,000.

Save as disclosed above, as at the date of this report, the Directors are not aware of any corporations or individuals who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions with related parties during the year ended 31 December 2025 which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in note 32 to the consolidated financial statements. They do not constitute notifiable connected transaction under the Listing Rules.

There was no connected transaction entered into by the Group for the year ended 31 December 2025 which is required to be disclosed under the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

A Remuneration Committee was set up to make recommendations on the Company’s emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

None of the Directors waived any emoluments during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under Rule 13.32B of the Listing Rules as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

As at 31 December 2025, there were no treasury shares held by the Company.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

The Company is not aware of any other changes which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee of the Company. Information on the work of the Audit Committee and its composition are set out in section headed "Corporate Governance Report" on pages 34 to 47 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the year ended 31 December 2025.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" in this annual report.

AUDITOR

The consolidated financial statements of the Company for the year have been audited by RSM Hong Kong who will retire and, being eligible, offer themselves for re-appointment.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint by RSM Hong Kong as auditor of the Company.

On behalf of the Board

Li Meng

Executive Director

Hong Kong, 31 March 2026



CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company and its management are committed to maintain good corporate governance with an emphasis on the principles of transparency, accountability and independence to all Shareholders. The Company believes that good corporate governance is the essence of continual growth and enhancement of shareholders' value. The Company has applied the principles of and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2025 with the exception of code provision C.2.1 which is explained below. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. The Directors use their best endeavours to procure the Company to continue to comply with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Li Meng was appointed as the chairman of the Board with effect from 10 December 2024. Currently, no chief executive officer has been appointed by the Company. As all major decisions were made in consultation with members of the Board and relevant Board committee, and there have been three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that the current management structure can effectively facilitate the Group's operation and there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for securities transactions by Directors and employees who are likely to be in possession of unpublished inside information of the Company.

The Company, after making specific inquiries to all Directors, confirmed that all of the Directors have complied with the required standards in the Model Code for the year ended 31 December 2025.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors in advance.

BOARD OF DIRECTORS

The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining business and investment plans, preparing the annual financial budgets and financial reports of the Company, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association of the Company.

Composition of the Board

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

Executive Directors

Mr. Li Meng (*Chairman*)

Mr. Xin Bing

Non-executive Director

Ms. Ruan Hong (*appointed on 28 February 2025*)

Independent Non-executive Directors

Mr. Zhang Chen

Ms. Cui Yan

Mr. Cai Sitao

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 19 to 24 of this annual report.

Saved as disclosed herein and to the best knowledge, information and belief of the Directors, each of the Directors has no financial, business, family or other material/relevant relationships with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at <http://jy-fw.cn/> and on the website of the Stock Exchange.

Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. Mr. Li Meng was appointed as the chairman of the Board with effect from 10 December 2025. Currently, no chief executive officer has been appointed by the Company. As all major decisions are made in consultation with members of the Board and relevant Board committee, and there are three independent non-executive Directors on the Board offering independent perspective, the Board is therefore of the view that the current management structure can effectively facilitate the Group's operation and there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

Independent non-executive Directors

During the year ended 31 December 2025, the Company has at all times complied with the requirements of the Listing Rules to have at least three independent non-executive Directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the three independent non-executive Directors has confirmed his/her independence and the Company considers each of them to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Non-executive Director and Directors' Re-Election

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors (including the non-executive Directors) is appointed for a specific term of three years and is subject to retirement by rotation at least once every three years. The Articles of Association of the Company requires that at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company, oversees the overall operational, management and strategic planning of the Group and provide guidance and formulate business strategies for the overall development of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors shall have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management (including environmental, social and governance (“ESG”) risks), material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the day-to-day operations and management of the business are delegated to the management.

The Board has established the Group’s purpose, values and strategy, and has satisfied itself that the Group’s culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly.

Continuous Professional Development of Directors

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

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director’s responsibilities and obligations under the Listing Rules and relevant statutory requirements. Ms. Ruan Hong has obtained the legal advice pursuant to Rule 3.09D of the Listing Rules on 27 February 2025 and has confirmed that she understood her obligations as a director of the Company.

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

CORPORATE GOVERNANCE REPORT

The record of continuous professional development relating to directors' duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2025 are summarized as follows:

Name of Directors	Types of Training ⁽¹⁾
Executive Directors	A
Mr. Li Meng (<i>Chairman</i>)	A
Mr. Xin Bing	
Non-executive Director	
Ms. Ruan Hong (<i>appointed on 28 February 2025</i>)	A
Independent Non-executive Directors	
Mr. Zhang Chen	A
Ms. Cui Yan	A
Mr. Cai Sitao	A

Notes.

(1) Types of Training:

A. Reading material relating to the business or regulatory updates.

Board Meetings and Directors' Attendance Record

Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. For other Board meetings, reasonable notice will generally be given. All Board committee meetings require a notice of at least fourteen days to be given, unless such notification is waived by all members of the respective Board committees. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

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

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2025, nine Board meetings were held.

The attendance record of each Director at the Board and Board Committee meetings and general meetings of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Director	Attendance/Number of Eligible Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Other General Meeting
Executive Directors						
Mr. Li Meng	9/9	N/A	2/2	4/4	1/1	2/2
Mr. Xin Bing	9/9	N/A	N/A	N/A	1/1	2/2
Non-executive Director						
Ms. Ruan Hong ⁽¹⁾	5/7	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors						
Ms. Cui Yan	9/9	2/2	2/2	4/4	1/1	2/2
Mr. Zhang Chen	9/9	2/2	2/2	4/4	1/1	2/2
Mr. Cai Sitao	9/9	2/2	N/A	4/4	1/1	2/2

Notes.

(1) Ms. Ruan Hong was appointed as non-executive Director of the Company on 28 February 2025.

None of the meetings set out above was attended by any alternate Director.

BOARD INDEPENDENCE

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. The mechanisms include (i) all Directors are entitled to retain independent professional advisors as and when it is required, (ii) all Directors are encouraged to express their views in an open and candid manner during the Board meetings, (iii) the Chairman of the Board will meet with the Independent Non-executive Directors at least annually without the presence of the Executive Directors, (iv) no equity-based remuneration with performance related elements will be granted to Independent Non-executive Directors, (v) all Independent Non-executive Directors are required to submit a written confirmation to the Company annually to confirm their independence; (vi) each Independent Non-executive Director will be assessed his/her independence before appointment and the continued independence of the long-serving Independent Non-executive Director on an annual basis; and (vii) at least one-third of the Board are Independent Non-executive Directors.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

As at 31 December 2025, the Audit Committee consists of three members, namely, Ms. Cui Yan, Mr. Zhang Chen and Mr. Cai Sitao, all of whom are the independent non-executive Directors. Ms. Cui Yan is the chairman of the Audit Committee and the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but not limited to (i) review and monitor the financial reporting process, risk management and internal control system, and internal audit functions of the Company; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2025, two Audit Committee meetings were held to review the interim and annual financial results and report, major internal audit issues, re-appointment of external auditors, relevant scope of works and the effectiveness of the risk management and internal control systems of the Group.

The Audit Committee also met the external auditors two times during the year ended 31 December 2025 without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

Remuneration Committee

As at 31 December 2025, the Remuneration Committee consists of three members, namely, Mr. Zhang Chen and Ms. Cui Yan, the independent non-executive Directors, and Mr. Li Meng, the executive Director. Mr. Zhang Chen is the chairman of the Remuneration Committee.

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

During the year ended 31 December 2025, two Remuneration Committee meetings were held to review the remuneration packages of Directors.

Nomination Committee

As at 31 December 2025, the Nomination Committee consists of four members, namely Mr. Li Meng, the executive Director, Mr. Zhang Chen, Ms. Cui Yan and Mr. Cai Sitao, the independent non-executive Directors. Mr. Li Meng is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of the Board on at least annually and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assess the independence of the independent non-executive directors; (iv) make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors; and (v) support the regular evaluation of the Board's performance.

During the year ended 31 December 2025, four Nomination Committee meeting was held while the Nomination Committee dealt with matters by way of circulation to review structure, size and composition of the Board, identify and select suitable candidates for directorships, assess the independence of the independent non-executive Directors, and review the policy on Board diversity.

Board Diversity Policy

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

The Nomination Committee is responsible for reviewing the board diversity policy from time to time to ensure its continued effectiveness. At present, the Nomination Committee considered that the Board is sufficiently diverse, and the Board has not set any measurable objectives.

The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional experience and skills and that it has achieved gender diversity by having Board members of both gender and the Company will endeavor to continue to maintain at least one female member on the Board. The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2025, approximately 56% of the full-time employees are male and approximately 44% are female. The Board considers that gender diversity in the workforce (including senior management) is currently achieved.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration Band (RMB)	Number of Person
300,000 — 650,000	6

The Board, with the assistance from the Audit Committee, is responsible for performing the functions set out in the code provision A.2.1 of the CG Code, including:

- developing and reviewing the Company's corporate governance policies and practices;
- reviewing and monitoring training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and
- reviewing the Company's compliance with the CG Code and the disclosure in this corporate governance report.

For the year ended 31 December 2025, the Board has performed the above duties.

DIRECTOR NOMINATION CRITERIA AND PROCEDURES

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would assess the candidates on criteria such as qualifications, skills, knowledge, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity. The recommendations of the Nomination Committee will then be put to the Board for decision.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company is exposed to various risks during its operations. The Company has established risk management and internal control systems with relevant policies, procedures and programs to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

The Company's risk assessment is mainly carried out through five basic procedures, including the establishment of risk management concepts and risk acceptance, target setting, risk identification, risk analysis and risk countermeasures. The Company will weigh risks and benefits based on the results of risk analysis, combined with the causes and tolerance of risks, and choose risk response plans: avoiding risks, accepting risks, reducing risks or sharing risks. The Company will prepare risk management plans targeting various risks or each category of material risks, according to the risk response strategies. The plan generally includes the specific objectives of risk resolution, the required organisational leadership, the management and business processes involved, the required conditions and means and other resources, the specific response measures to be taken before, during and after the risk event, and risk management tools.

The Company's branches are the first line of defense for risk management, which are the executive agencies of risk management operations, responsible for the construction, implementation and maintenance of the risk management system, and strictly carry out corresponding work in accordance with the requirements of the Company. The Company's functional management departments and the legal department (risk control function) are the second line of defense for risk management. The internal audit department (risk control function), as the central management department for risk management and internal control, is responsible for formulating risk management strategies and plans, compiling risk management and internal control work plans, organising and promoting the development of risk management and internal control work, preparation of annual risk management report, inspection and evaluation of the development of risk management and internal control of subsidiaries, follow-up of the Company's risk management measures for high-risk businesses and important risks, and timely report to the Company's risk management committee. The Company's internal audit department (internal audit function) is the third line of defense for risk management, which independently supervises, evaluates and audits the Company's operation and management.

The Company has formulated reasonable and effective internal control measures, including:

- (1) Establish an authorisation system for internal control positions. For each position involved in internal control, clearly stipulate the authorised objects, conditions, scope and amount of authorisation, and no organisation or individual shall make risky decisions beyond authorisation;
- (2) Establish an internal control reporting system. Clearly stipulate the reporter and the receiver, the time, content, frequency, transmission route of the report, the department and personnel responsible for processing the report;
- (3) Establish an internal control permitted system. For important matters involved in internal control, clearly stipulate the permitted procedures, conditions, scope and quota, necessary documents, and the departments and personnel authorised to approve and their corresponding responsibilities;
- (4) Establish an internal control responsibility system. In accordance with the principle of unification of rights, obligations and responsibilities, clearly stipulate the responsibilities and rewards and punishment systems of relevant departments and business units, positions and personnel;
- (5) Establish an internal control audit and inspection system. Combined with the relevant requirements, methods, standards and procedures of internal control, clearly stipulate the object, content, method of audit and inspection, and the department responsible for audit and inspection.

The risk management system and internal control measures are designed to manage rather than eliminate the risk of failing to achieve business objectives (such risks would include, amongst others, material risks relating to ESG), and can only provide reasonable but not absolute protection against material misstatements or losses.

The Board is responsible for overseeing and managing the risks associated with the business and the Group's ESG performance, maintaining adequate and effective risk management and internal control systems of the Company on an ongoing basis and reviewing their effectiveness at least annually. The Board, through the Audit Committee, has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. The Board considers that such systems are effective and adequate as a whole.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The senior management of the Group has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Group in order to put forward such information to the Board for approval.

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

The statement of the independent auditor about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 48 to 54 of this annual report.

AUDITOR'S REMUNERATION

The Company's independent auditor is RSM Hong Kong. For the year ended 31 December 2025, the remuneration paid or payable by the Group to independent auditors is set as below:

Service Category	Fees Paid/Payable <i>RMB'000</i>
Audit services	<u>2,000</u>

COMPANY SECRETARY

Ms. Leung Kwan Wai of Tricor Services Limited, an external service provider, was appointed as one of the joint company secretaries of the Company on 8 October 2021. Mr. Wu Hao was appointed as one of the joint company secretaries of the Company since 28 December 2024. Mr. Wu Hao is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs.

Ms. Leung Kwan Wai resigned as the joint company secretary of the Company on 20 January 2026 and Mr. Fan Kwok Man was appointed as the joint company secretary of the Company on 20 January 2026. Mr. Fan Kwok Man is an external service provider and Mr. Wu Hao is the primary contact person of Mr. Fan Kwok Man. The biographical details of Mr. Wu Hao and Mr. Fan Kwok Man are set out on page 24 in this annual report.

Each of the joint company secretaries has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2025 pursuant to Rule 3.29 of the Listing Rules.

WHISTLEBLOWING POLICY

During the year ended 31 December 2025, the Company has established whistleblowing policies which provide employees and the relevant third parties who deal with the Group (e.g. customers, suppliers and other service providers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person of the Group. All reported matters will be investigated independently and all information received from a whistleblower and its identity will be kept confidential.

ANTI-CORRUPTION POLICY

The Company established an anti-corruption policy which outline the guidelines and standards of conducts in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and in its business dealing with third parties.

SHAREHOLDER'S RIGHTS

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

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals

Pursuant to Article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of 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 to the Board or the joint company secretaries of the Company, 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. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Room 3601-06, 36/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road, Hong Kong (For the attention of the Board of Directors)
Email: jyfw@jy-tw.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Company will also invite representatives of the auditors to attend its annual general meeting to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors' independence, if any.

Policies Relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board has reviewed the implementation and effectiveness of the communication policy, and having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders' communication policy has been implemented during the year and is effective.

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

CONSTITUTIONAL DOCUMENTS

Change has been made to the Company's Memorandum and Articles of Association during the year ended 31 December 2025. Further details were set out in the Company's circular dated 19 May 2025.

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Jiayuan Services Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jiayuan Services Holdings Limited (the “Company”), and its subsidiaries (the “Group”) set out on pages 55 to 133, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (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 (“HKSAAs”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of 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 2.1.1 to the consolidated financial statements, which indicates that as at 31 December 2025, the Group had net current liabilities of approximately RMB177,654,000 and accumulated losses of approximately RMB426,799,000, respectively. These conditions, along with other matters set forth in Note 2.1.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

The key audit matters we identified are:

1. Impairment assessment of trade receivables
2. Impairment assessment of goodwill

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Impairment assessment of trade receivables</p> <p>Refer to Note 2.12, Note 3.1.2, Note 4(a) and Note 21(a) to the consolidated financial statements.</p> <p>As at 31 December 2025, the net trade receivables amounted to approximately RMB391,180,000, which accounted for 55% of the total assets of the Group.</p> <p>The management of the Group estimates the amount of lifetime expected credit losses (“ECL”) of the trade receivables due from independent third parties based on the provision matrix through the grouping of various debtors that have similar loss patterns and considering the past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.</p> <p>For trade receivables due from related parties/former related parties, the management of the Group estimates the lifetime ECL by referring to external credit ratings and adjusting these ratings to reflect current and forward-looking information on macroeconomic factors that could affect the ability of the related parties/former related parties to settle the receivables.</p> <p>We identified impairment assessment of trade receivables as a key audit matter due to the involvement of subjective judgement and management estimates in evaluating the ECL of the Group’s trade receivables at the end of the reporting period.</p> <p>The ECL on trade receivables as at 31 December 2025 amounted to approximately RMB306,922,000.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none">– Understanding and assessing the management’s processes and internal controls for evaluating credit loss provisions for trade receivables, and assess the inherent risk of material misstatement by considering the degree of estimation uncertainty and inherent risk factors;– Reviewing and testing through sampling the appropriateness of the input data and models used by management for calculating credit provisions. This includes evaluating the aging analysis, past loss experience, and macroeconomic factors, as well as the reasonableness of management’s grouping of trade receivables based on shared credit risk characteristics for the assessment of ECL provisions;– Independently assessing the credit status of trade receivables due from related parties/former related parties for more in-depth analysis and compare it with management’s assessments;– Evaluating the differences between management’s historical estimates and actual results for credit loss provisions, and analyses the reasons for any significant differences;– With the assistance of the auditor’s valuation experts, challenge management’s benchmarks and judgments used in determining credit loss provisions for trade receivables, including:<ul style="list-style-type: none">• Estimating and assessing loss rates for related parties/former related parties;• The basis of estimated loss rates applicable to different categories within the provision matrix.– Considering external market and industry changes that might affect the recoverability of trade receivables, and evaluate whether management has adequately considered the impact of these changes on credit loss provisions;– Comparing new information or subsequent events during the audit period to assess their impact on the receivables valuation, to determine if additional provisions are necessary; and– Evaluating the reasonableness of forward-looking adjustments made to reflect current and forecasted economic conditions based on publicly available information.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Impairment assessment of goodwill</p> <p>Refer to Note 2.10, Note 4(b) and Note 18 to the consolidated financial statements.</p> <p>As at 31 December 2025, included in the Group's intangible assets was goodwill with the carrying amount of approximately RMB92,205,000 arising from the acquisitions of property management companies, which accounted for 13% of the total assets of the Group.</p> <p>Management is required to undertake goodwill impairment review at least annually or whenever there is impairment indicator. The recoverable amount of cash-generating unit ("CGU") to which the goodwill is allocated is based on the value in use of the CGU. Management has engaged an independent external valuer to assist in determining the value in use of the CGU.</p> <p>The impairment assessment is a judgemental process, requiring estimates in respect of the forecast future cash flows associated with the CGU, including the growth rate for revenue, gross profit margins, and the discount rate.</p> <p>Management has concluded that there is no impairment in respect of the goodwill allocated to the CGU for the year ended 31 December 2025 as the CGU's recoverable amounts exceeded their carrying amounts.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> – Understanding and assessing the accounting policies, processes, and internal controls related to the impairment assessment of goodwill; – Understanding of the business, evaluate the reasonableness of management's allocation of goodwill to each CGU; – Assessing the method used by management to determine the recoverable amounts of the CGU during the impairment assessment; – On a sampling basis, checking the accuracy and relevance of input data and evidence, such as approved budgets, and compare these budgets with past performance and market data to assess the reasonableness of the forecasts; – Evaluating the appropriateness of the cash flow forecasts used in calculating the recoverable amounts of the CGU, and challenge the reasonableness of management's assumptions (such as future revenue growth rates, gross profit margins, terminal growth rates, and discount rates) based on our knowledge of the relevant business and industry; – Assessing the qualifications and independence of the external valuer; – Collaborating with the auditor's valuation experts to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model, and the reasonableness of the components comprising the discount rate compared to market data; and – Assessing the adequacy of related disclosures in the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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



INDEPENDENT AUDITOR'S REPORT

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. LEE Kit (practicing certificate number : P08509).

RSM Hong Kong
Certified Public Accountants

31 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



		Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
	Note		
Revenue	6	821,237	858,780
Cost of services and sales		(590,012)	(617,834)
Gross profit		231,225	240,946
Other income and expenses, net	8	2,232	(8,926)
Other gains and losses, net	9	125	3,501
Impairment losses on financial assets	3.1.2	(88,834)	(87,174)
(Loss)/reversal of loss on unauthorised Pledged Shares	27	(21,552)	2,453
Reversal of loss/(loss) on unauthorised guarantee	27	109,340	(29,340)
Selling and marketing expenses		(6,845)	(7,022)
Administrative expenses		(70,638)	(80,816)
Finance costs	13	(664)	(1,190)
Share of results of associates	19	(75)	(73)
Profit before taxation		154,314	32,359
Income tax expense	14	(22,782)	(19,067)
Profit and total comprehensive income for the year	10	131,532	13,292
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		129,054	8,157
– Non-controlling interests		2,478	5,135
		131,532	13,292
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	15	0.21	0.01



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property and equipment	17	19,194	22,692
Right-of-use assets		1,825	2,301
Intangible assets	18	102,846	111,340
Interest in associates	19	1,360	1,435
Deferred income tax assets	28	75,471	68,758
		<u>200,696</u>	<u>206,526</u>
Current assets			
Inventories		944	680
Trade and other receivables	21	473,334	414,548
Restricted bank deposits	22	1,699	2,515
Cash and cash equivalents	22	33,927	60,762
		<u>509,904</u>	<u>478,505</u>
Total assets		<u><u>710,600</u></u>	<u><u>685,031</u></u>
EQUITY			
Deficit in equity attributable to owners of the Company			
Share capital	23	5,225	5,225
Reserves	24	(6,629)	(135,683)
		<u>(1,404)</u>	<u>(130,458)</u>
Non-controlling interests		<u>22,652</u>	<u>22,390</u>
Total equity/(total deficit in equity)		<u>21,248</u>	<u>(108,068)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Bank borrowings	26	–	6,454
Lease liabilities		1,376	1,826
Deferred income tax liabilities	28	418	1,086
		1,794	9,366
Current liabilities			
Contract liabilities	7	122,502	121,664
Bank borrowings	26	6,461	12,127
Lease liabilities		450	434
Provisions	27	68,414	199,202
Trade and other payables	25	390,279	373,674
Current income tax liabilities		99,452	76,632
		687,558	783,733
Total liabilities		689,352	793,099
Total equity and liabilities		710,600	685,031

The consolidated financial statements on pages 55 to 133 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Li Meng
Director

Xin Bing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total (deficit in equity) /equity RMB'000
	Share capital RMB'000 (Note 23)	Reserves RMB'000 (Note 24)	Total RMB'000	Non- controlling interests RMB'000	
Balance at 1 January 2025	5,225	(135,683)	(130,458)	22,390	(108,068)
Total comprehensive income:					
Profit for the year	–	129,054	129,054	2,478	131,532
Transactions with owners in their capacity as owners:					
Dividend paid	–	–	–	(2,216)	(2,216)
Balance at 31 December 2025	<u>5,225</u>	<u>(6,629)</u>	<u>(1,404)</u>	<u>22,652</u>	<u>21,248</u>
Balance at 1 January 2024	5,225	(143,840)	(138,615)	26,814	(111,801)
Total comprehensive income:					
Profit for the year	–	8,157	8,157	5,135	13,292
Transactions with owners in their capacity as owners:					
Dividend paid	–	–	–	(5,638)	(5,638)
Disposals of interest in subsidiaries to non-controlling interests (Note 29(d))	–	–	–	(1,079)	(1,079)
Share reduction of a subsidiary	–	–	–	(2,842)	(2,842)
Balance at 31 December 2024	<u>5,225</u>	<u>(135,683)</u>	<u>(130,458)</u>	<u>22,390</u>	<u>(108,068)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
	Note		
Cash flows from operating activities			
Cash generated from operations	29(a)	43,282	43,202
Income tax paid		(7,686)	(6,567)
Net cash generated from operating activities		35,596	36,635
Cash flows from investing activities			
Purchases of property and equipment	17	(2,216)	(3,659)
Purchases of intangible assets	18	(1,138)	–
Disposals of subsidiaries	29(d)	(1,029)	(2,357)
Settlement of unauthorised guarantee	27(b)	(43,000)	–
Proceeds from disposals of property and equipment	29(b)	301	146
Interest received		85	219
Net cash used in investing activities		(46,997)	(5,651)
Cash flows from financing activities			
Payments on leases	29(c)	(508)	(127)
Interests paid on bank borrowings		(605)	(1,196)
Repayment of bank borrowings		(12,105)	(11,302)
Dividends paid to non-controlling interests	29(c)	(2,216)	(5,638)
Net cash used in financing activities		(15,434)	(18,263)
Net (decrease)/increase in cash and cash equivalents		(26,835)	12,721
Cash and cash equivalents at beginning of the year		60,762	48,041
Cash and cash equivalents at end of the year	22	33,927	60,762



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND REORGANISATION

Jiayuan Services Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 5 March 2020 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. On 9 December 2020, the Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of initial public offering.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the People’s Republic of China (the “PRC”). The principal activities of its subsidiaries are set out in Note 34.

In the opinion of the directors of the Company, Valuable Capital Limited (“VCL”), a limited company incorporated in Hong Kong, is the immediate holding company of the Company. Valuable Capital Group Ltd, a limited liability company incorporated in the Cayman Islands, is the ultimate holding company of the Company.

These consolidated financial statements for the year ended 31 December 2025 are presented in Renminbi (“RMB”), unless otherwise stated.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

This note provides a list of the material accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as set out below. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgments or complexity, or areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Going concern basis

As at 31 December 2025, the Group had net current liabilities of approximately RMB177,654,000 and accumulated losses of approximately RMB426,799,000. Further, as detailed in Note 27(a), should the Pledged Shares be auctioned or sold, resulting in the Group losing control over Zhejiang Zhixiang Dacheng Property Services Group Co., Ltd (浙江智想大成物業服務集團有限公司) (“Zhejiang Zhixiang Dacheng”), previously known as Zhejiang Jiayuan Property Services Group Co., Ltd. (浙江佳源物業服務集團有限公司) (“Zhejiang Jiayuan Services”), an indirect wholly-owned PRC subsidiary of the Company and its subsidiaries, these entities will therefore be deconsolidated from the consolidated financial statements of Group in accordance with the requirements of HKFRS 10 Consolidated Financial Statements. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of its business. Notwithstanding the above, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the following:

- (i) The unconditional financial support from VCL, which has been obtained to procure the necessary finance and support to the Group for a period of not less than twelve months from the date of approval of the consolidated financial statements by the board of directors;
- (ii) The board of directors have reviewed the Group’s cash flow forecast, prepared by management which covers a 15-month period from the end of the reporting period and will continue to assess the impact of any change in government policy, global financial market, the economy, and the business environment on the Group’s operations. The Group will adjust its strategies for its property management businesses accordingly to generate sufficient operating cash flows to meet its current and future obligations;
- (iii) The contract liabilities of approximately RMB122,502,000 are non-financial liabilities and will be recognised as revenue in the subsequent year;
- (iv) The existing banking facilities available for the Group; and
- (v) Based on legal advice obtained regarding the unauthorised Pledged Shares, the Group possesses the options to participate in the auction or directly negotiate with the lender to settle the outstanding debt and secure the release of the Pledged Shares. Additionally, the Group reserves the right to challenge the auction process through legal avenues. The board of directors considers the Group will be able to recover the Pledged Shares and it will not result in a loss of control over Zhejiang Zhixiang Dacheng and its subsidiaries.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 *Going concern basis (Continued)*

In addition, to improve the Group's financial position, the directors of the Company are actively exploring different alternatives for equity or other financing.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due within the next twelve months. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate operating cash flows in the near future and obtain the continuous financial support from its beneficial owner, at a level sufficient to finance the working capital requirements of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2.1.2 *New and revised standards*

(a) *Amended standards adopted by the Group*

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.



2 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New and revised standards (Continued)

(b) **New and amended standards not yet adopted**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Company’s assessment of the impact of these new or amended HKFRS Accounting Standards and Interpretations, most relevant to the Company, are set out below:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
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

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 New and revised standards *(Continued)*

(b) New and amended standards not yet adopted (Continued)

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the consolidated statement of comprehensive income, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the consolidated statement of comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the consolidated financial statements.
- Enhanced guidance is provided on how to group information in the consolidated financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of comprehensive income, the consolidated statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items into the new categories.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.2 New and revised standards *(Continued)*

(b) New and amended standards not yet adopted (Continued)

Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (“FVTOCI”).

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2.2.2 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

2.2.3 Equity method

Under the equity method of accounting, interest in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of associate in profit or loss, and the Group's share of movements in other comprehensive income of associate in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

2.2.3 Equity method *(Continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in consolidated statement of comprehensive income.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.4 Changes in ownership interests in subsidiaries and associate

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRS Accounting Standards.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.3 Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are, with limited exceptions, recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of comprehensive income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.4 Separate financial statements

An investment in a subsidiary is accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The result of subsidiary is accounted for by the Company on the basis of dividend received and receivable.

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

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. The Group's customers include property owners, property developers, residents and tenants (collectively "Customers") and they are all located in the PRC. No geographical segment of Customers is disclosed.

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other gains and losses, net'.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

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

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

2.7 Leases

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

The Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.7 Leases *(Continued)*

The Group as a lessee (Continued)

Payments associated with short-term leases of equipment and vehicles and leases of low value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group's right-of-use assets consist of various leases for properties. Right-of-use assets resulted from lease payments are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents consideration paid for the rights to use the properties and other direct related costs from the date when the respective rights were granted. Depreciation of lease payments is calculated on a straight-line basis over the lease terms and is charged to the consolidated statement of comprehensive income.

2.8 Property and equipment

Property and equipment are held for use in the production or supply of goods or services or for administrative purposes. Property and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.8 Property and equipment *(Continued)*

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and loss on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses, net" in the consolidated statement of comprehensive income.

2.9 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Property management contracts

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts. The Group determined the property management contracts to have useful lives of 3-10 years based on the historical renewal pattern.

(c) Software

Acquired software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the estimated future cash flows of the assets. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the assets whose impairment is being measured.

For the purposes of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

(i) Classification

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

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

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

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.11 Financial assets *(Continued)*

(i) Classification (Continued)

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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

(iii) Measurement

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

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or financial assets at FVTOCI are measured at FVTPL.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.12 Impairment of financial assets

The measurement of Expected credit loss (“ECL”) is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The Group recognises an allowance for ECL for all debt instruments not held at FVTPL. ECL are estimated on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortised cost under the general approach are classified within the following stages for measurement of ECL.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECL

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECL

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECL

(b) Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECL. Under the simplified approach, the Group recognises a loss allowance based on lifetime ECL at each reporting date.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.13 Offsetting financial instruments

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

2.14 Inventories

Inventories comprise goods and consumables which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade and other receivables

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

Trade receivables are amounts due from Customers for services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11 for further information about the Group's accounting for trade receivables and other receivables and Notes 2.12 and 3.1.2 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

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

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.17 Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

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

2.18 Financial liabilities

Financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument, as set out in the accounting policies below.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.19 Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Any contingent consideration payable is measured at fair value at the date of acquisition. It is remeasured at fair value at each reporting date and its subsequent change in the fair value is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.20 Borrowings

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

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the jurisdictions where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.21 Current and deferred income tax *(Continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the companies are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.22 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

There was no forfeited contribution utilised to offset employers' contributions for the year ended 31 December 2025, and there was no forfeited contribution available to reduce the contribution payable in the future years as at 31 December 2025.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurances. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.23 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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 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 is remote.

2.24 Revenue recognition

The Group provides property management services, value-added services to property developers and community value-added services. Revenue is recognised in the accounting period in which the services are rendered or goods are delivered, and the collectability of related consideration is probable.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the Customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the services are provided to the customer, the Group presents the amount as a contract liability when the payment is received or a receivable is recorded (whichever is earlier).

(a) Property management services

The Group bills a fixed amount for services provided on a regular basis and recognises as revenue the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.24 Revenue recognition *(Continued)*

(a) Property management services (Continued)

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to Customers, the Group recognises the fee received or receivable from Customers as its revenue. For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by pre-determined percentage of the total property management fee or amounts received or receivable from Customers, as its revenue as an agent for arranging and monitoring the services.

(b) Value-added services to property developers

Value-added services to property developers mainly include consultancy services to property developers and cleaning, greening, repair and maintenance services to property developers at the property pre-delivery stage. The Group agrees the price for each service with the Customers upfront and issue the monthly bill to the Customers which varies based on the actual level of service completed in that month.

(c) Community value-added services

These include home living services, community area services such as catering services and sales of goods (mainly groceries and home appliances) to Customers. For provision of home living services, revenue is recognised when the related services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered. For provision of community area services such as sales of goods and catering, revenue is recognised when the Group has delivered the goods and catering to the Customers.

2.25 Interest income

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

2 MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants that become 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 recognised in profit or loss in the period in which they become receivable.

2.27 Dividend distribution

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

2.28 Borrowing costs

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

2.29 Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in RMB. Accordingly, the Group is not exposed to significant foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings which carry interest at prevailing market interest rates. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the respective reporting period. A 100 basis points (2024: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

No sensitivity analysis is provided on variable-rate bank balances as the management of the Group considers that the interest rate fluctuation on bank balances is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk *(Continued)*

(b) Interest rate risk *(Continued)*

For the year ended 31 December 2025, if the floating interest rate of bank borrowings had been higher/lower by 100 basis points with all other variables held constant, the profit before taxation would have been approximately RMB125,000 lower/higher (2024: the profit before taxation would have been approximately RMB242,000 lower/higher).

3.1.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or Customer contract, leading to a financial loss. The Group is exposed to credit risk in relation to its restricted bank deposits, cash and cash equivalents, and trade and other receivables.

The carrying amounts of trade and other receivables, restricted bank deposits and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with restricted bank deposits and cash and cash equivalents since they are substantially deposited at state-owned banks and other medium or large-sized listed banks with acceptable credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk *(Continued)*

The credit risk of trade and other receivables is managed through an internal process. The Group has policies in place to ensure that services are provided to Customers with an appropriate credit history. For trade and other receivables, the Group has large number of Customers and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual receivable to ensure that the adequate impairment losses are made for irrecoverable amounts.

Impairment assessments

The Group formulates the credit losses of restricted bank deposits, cash and cash equivalents, and trade and other receivables using ECL models according to HKFRS 9 requirements.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available forwarding-looking information. 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 Customers' ability to meet its obligations
- actual or expected significant changes in the operating results of individual property developers
- significant changes in the expected performance and behaviour of Customers

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

A summary of the assumptions underpinning the Group’s internal credit risk grading assessment is as follows:

Internal credit rating	Description of internal credit rating	Trade receivables – Simplified approach	Other financial assets – General approach
Performing	The counterparty has a low risk of default and a strong capacity to meet cash flows	Lifetime ECL – non-credit impaired	Stage 1: 12-month ECL; or lifetime ECL where the expected lifetime of the asset is less than 12 months
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – non-credit impaired	Stage 2: Lifetime ECL – non-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Stage 3: Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no reasonable expectation of recovery	Asset is written off	Asset is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Trade receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

Gross carrying amounts of trade receivables are categorised below:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Due from independent third parties	562,402	485,865
Due from related parties	–	1,890
Due from former related parties	135,700	156,475
	<u>698,102</u>	<u>644,230</u>

(i) *Trade receivables due from independent third parties*

To measure the ECL, trade receivables due from independent third parties have been grouped based on shared credit risk characteristics and days past due and determined by using a provision matrix.

The expected loss rates based on the payment profiles of services over a period of 60 months before the year end date. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of Customers to settle the receivables.



3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Trade receivables (Continued)

(i) Trade receivables due from independent third parties (Continued)

The loss allowance provision for the trade receivables due from independent third parties is determined as follows:

The ageing based on invoice date	As at 31 December 2025								
	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	12.1%	12.1%	12.1%	32.3%	39.2%	58.7%	95.6%	100.0%	
Gross carrying amount (RMB'000)	67,361	58,381	104,531	163,721	56,468	35,602	24,063	52,275	562,402
Loss allowance provision (RMB'000)	<u>8,167</u>	<u>7,077</u>	<u>12,672</u>	<u>52,912</u>	<u>22,130</u>	<u>20,908</u>	<u>23,001</u>	<u>52,275</u>	<u>199,142</u>
Net (RMB'000)	<u>59,194</u>	<u>51,304</u>	<u>91,859</u>	<u>110,809</u>	<u>34,338</u>	<u>14,694</u>	<u>1,062</u>	<u>-</u>	<u>363,260</u>

The ageing based on invoice date	As at 31 December 2024								
	0-60 days	61-180 days	181-365 days	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Expected loss rate	12.8%	12.8%	12.8%	36.8%	50.0%	69.0%	93.2%	100.0%	
Gross carrying amount (RMB'000)	173,361	13,603	31,344	61,941	107,954	42,583	49,176	5,903	485,865
Loss allowance provision (RMB'000)	<u>22,208</u>	<u>1,743</u>	<u>4,015</u>	<u>22,813</u>	<u>54,020</u>	<u>29,395</u>	<u>45,817</u>	<u>5,903</u>	<u>185,914</u>
Net (RMB'000)	<u>151,153</u>	<u>11,860</u>	<u>27,329</u>	<u>39,128</u>	<u>53,934</u>	<u>13,188</u>	<u>3,359</u>	<u>-</u>	<u>299,951</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Trade receivables (Continued)

(ii) Trade receivables due from related parties/former related parties

To measure the ECL, trade receivables due from related parties/former related parties have been grouped based on shared credit risk characteristics. The Group determines the ECL by referring to external credit rating and adjusts the rating to reflect current and forward-looking information on macroeconomic factors affecting the ability of these entities to settle the receivables. The trade receivables from former related parties primarily arise from subsidiaries of Jiayuan International Group Limited (the former intermediate holding company of the Company) and entities under the control or significant influence of Mr. Shum Tin Ching (“Mr Shum”) (the former ultimate controlling shareholder of the Company), typically property developers. For the years ended 31 December 2024 and 2025, these entities were assigned highly speculative credit ratings, indicating a significant risk of default. In light of adverse developments within China’s real estate sector and these entities experienced severe financial distress, the directors have assessed the likelihood of recovery of these receivables to be low. Accordingly, a substantial portion of these receivables has been impaired in the consolidated financial statements. During the year ended 31 December 2025, the Group recognised ECL on trade receivables due from related parties/former related parties amounted to approximately RMB17,083,000 (2024: approximately RMB8,316,000).

The movements of impairment loss allowances for trade receivables are as follows:

	Due from independent third parties		Due from related parties/ former related parties		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At the beginning of the year	185,914	111,945	107,396	99,827	293,310	211,772
Loss allowance recognised	65,957	76,683	17,083	8,316	83,040	84,999
Write-off	(47,669)	–	(11,155)	(747)	(58,824)	(747)
Disposals of subsidiaries	(5,060)	(2,714)	(5,544)	–	(10,604)	(2,714)
At the end of the year	<u>199,142</u>	<u>185,914</u>	<u>107,780</u>	<u>107,396</u>	<u>306,922</u>	<u>293,310</u>

As at 31 December 2025, the gross carrying amounts of trade receivables were approximately RMB698,102,000 (2024: RMB644,230,000) and thus the maximum exposure to credit risk was approximately RMB391,180,000 (2024: RMB350,920,000).



3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Trade receivables (Continued)

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty. The amounts of trade receivables written off during the years ended 31 December 2025 and 2024 were approximately RMB58,824,000 and RMB747,000, respectively.

Other financial assets

The tables below detail the credit risk exposures of the Group's other financial assets at amortised cost, which are subject to ECL assessments.

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
			As at 31 December	
			2025 RMB'000	2024 RMB'000
Restricted bank deposits	Performing	12-month ECL	1,699	2,515
Cash and cash equivalents	Performing	12-month ECL	<u>33,927</u>	<u>60,762</u>
Other receivables	Performing	12-month ECL	73,431	57,384
	Non-performing	Lifetime ECL	<u>22,348</u>	<u>18,494</u>
			<u>95,779</u>	<u>75,878</u>

(i) Restricted bank deposits and cash and cash equivalents

For restricted bank deposits and cash and cash equivalents, the Group determines the ECL by referring to external credit rating of the related banks. The identified impairment loss was immaterial.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Other financial assets (Continued)

(ii) Other receivables

For other receivables, for the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Group applies the HKFRS 9 three-stage approach to measuring ECL of other receivables. Impairment on other receivables is measured as 12-month ECL, depending on whether there has been a significant increase in credit risk of a receivable has occurred since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

The movements of impairment loss allowances for other receivables are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	19,276	17,103
Loss allowance recognised	5,794	2,175
Write-off	(1,750)	–
Disposals of subsidiaries	(35)	(2)
	23,285	19,276
At the end of the year	23,285	19,276

As at 31 December 2025, the gross carrying amounts of other receivables were approximately RMB95,779,000 (2024: RMB75,878,000) and thus the maximum exposure to credit risk was approximately RMB72,494,000 (2024: RMB56,602,000).



3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Impairment assessments (Continued)

Total impairment losses, net recognised by the Group comprise:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
For trade receivables due from independent third parties	65,957	76,683
For trade receivables due from related parties	(156)	115
For trade receivables due from former related parties	17,239	8,201
For other receivables	5,794	2,175
	<u>88,834</u>	<u>87,174</u>

3.1.3 Liquidity risk

In preparing the consolidated financial statements, the directors of the Company have taken into account the internally generated funds from the Group's operations and the continuous financial support from the Company's beneficial owner, which is sufficient to finance the Group's working capital requirements. The directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

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

As disclosed in Note 26, all of the bank borrowings carried no financial covenants as at 31 December 2025 and 31 December 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period to the contractual maturity date.

	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
As at 31 December 2025					
Trade and other payables	315,698	-	-	315,698	315,698
Lease liabilities	508	514	934	1,956	1,826
Bank borrowings	6,546	-	-	6,546	6,461
	<u>322,752</u>	<u>514</u>	<u>934</u>	<u>324,200</u>	<u>323,985</u>
As at 31 December 2024					
Trade and other payables	300,982	-	-	300,982	300,982
Lease liabilities	508	508	1,448	2,464	2,260
Bank borrowings	12,671	6,711	-	19,382	18,581
	<u>314,161</u>	<u>7,219</u>	<u>1,448</u>	<u>322,828</u>	<u>321,823</u>

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares, or request contributions from owners.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The Group would continue to monitor and reduce its gearing by improving the operating results.

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the 25% threshold of public float should be complied with throughout the period from the date of listing to the end of the reporting period.

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the Group's accounting policies, which are described from Note 2.2 to Note 2.29, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the factors considered by the directors as detailed in Note 2.1.1.

Key sources of estimation uncertainty

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

(a) ECL on trade receivables

The Group makes allowances on trade receivables based on estimation about risk of default and expected credit loss rates. The Group applied judgments in making the estimation and selecting the assumptions and inputs used in the ECL calculation, based on the Group's Customers' settlement history and financial position as well as forward looking information including industry and external macroeconomic data.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and the related impairment loss allowances in the period in which such estimate is changed. For details of the key assumptions and inputs used, see Note 3.1.2.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Assessment of goodwill impairment

The Group's management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill was allocated. Significant judgments and estimates involved in the assessment of goodwill impairment include the adoption of valuation method and the use of key assumptions in the valuation. The recoverable amount of goodwill is estimated annually to evaluate whether or not there is any impairment. An impairment loss is recognised when the recoverable amount has declined below its carrying amount. The details of the key assumptions used are set out in Note 18.

(c) Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax expense in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Useful lives of property management contracts

The Group's management determines the estimated useful lives and related amortisation charges for the Group's property management contracts with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expense in future periods.

5 SEGMENT INFORMATION

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

The Group is principally engaged in the provision of property management services, value-added services to property developers and community value-added services in the PRC. The CODM reviews the operating results of the business of the Group as one operating segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one operating segment which is used to make strategic decisions.

The major operating entities of the Group are domiciled in the PRC and all of the Group's revenue were derived in the PRC during the years ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, all of the non-current assets were located in the PRC.



6 REVENUE

Revenue mainly represents consideration to which the Group expects to be entitled for the property management services, value-added services to property developers and community value-added services. An analysis of the Group's revenue from contract with Customers within the scope of HKFRS 15 by category is as follows:

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of services		
Property management services (a)	765,515	785,918
Value-added services to property developers (b)	7,367	11,279
Community value-added services (c)	48,355	61,583
	<u>821,237</u>	<u>858,780</u>
Revenue from contracts with Customers is recognised:		
– Over time	812,644	848,248
– At a point in time	8,593	10,532
	<u>821,237</u>	<u>858,780</u>

(a) Property management services:

The Group provides property owners and residents with a wide range of property management services, which primarily comprise (i) cleaning, (ii) security, (iii) gardening and landscaping, and (iv) repair and maintenance services.

(b) Value-added services to property developers:

The Group offers property developers comprehensive and customised value-added services covering the entire lifecycle of property development process to address their needs from preliminary consultancy for property development to post-delivery management. The value-added services to property developers primarily comprise (i) sales management services, (ii) preliminary planning and design consultancy services, (iii) pre-delivery cleaning and inspection services, (iv) car park sales assistance services, and (v) other services customised to meet specific needs of Customers on an as-needed basis such as employee catering services and sales of groceries.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE (Continued)

(c) Community value-added services:

The Group provides comprehensive demand-inspired, customised and menu-based services, the value-added services to property owners and residents cater to different groups of property owners, factoring in different ages, different family structures and different occupations. The community value-added services primarily include, among others, (i) home-living services, (ii) common area value-added services, (iii) car park leasing assistance services and (iv) sales of groceries to property owners.

None of the Group's Customers contributed 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024.

7 CONTRACTS WITH CUSTOMERS

(a) Contract liabilities

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

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Property management services	115,194	112,332
Value-added services to property developers	6	395
Community value-added services	7,302	8,937
	<u>122,502</u>	<u>121,664</u>

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



7 CONTRACTS WITH CUSTOMERS (Continued)

(a) Contract liabilities (Continued)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Property management services	105,297	117,415
Value-added services to property developers	389	–
Community value-added services	5,533	5,706
	<u>111,219</u>	<u>123,121</u>

(b) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the Customer of the Group's performance to date, on a regular basis. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for value-added services to property developers is generally set to expire when the counterparties notify the Group that the services are no longer required. For other value-added services, they are rendered in a short period of time and there is no material unsatisfied performance obligation at the end of the year.

(c) Assets recognised from incremental costs to obtain and fulfil a contract

During the years ended 31 December 2025 and 2024, there were no significant incremental costs incurred to obtain and fulfil a contract.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 OTHER INCOME AND EXPENSES, NET

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants	978	935
Value-added tax refund	564	654
Interest income (Note 29(a))	85	219
Late fees and penalties	(5,966)	(10,597)
Recovery of bad debt	5,817	1,968
Others	754	(2,105)
	<u>2,232</u>	<u>(8,926)</u>

For the years ended 31 December 2025 and 2024, the government grants were awarded to recognise the Group's past contribution to local economic growth. The grants, at the discretion of the relevant authorities, were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, the grants recognised in the consolidated statement of comprehensive income when the grants were received.

9 OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Exchange gains/(losses), net (Note 29(a))	1	(1)
Fair value gain on contingent consideration payable for business combination (Note 29(a))	–	649
Gains on disposals of subsidiaries (Notes 29(a) & 29(d))	322	3,150
Gains/(losses) on disposals of property and equipment (Notes 29(a) & 29(b))	16	(594)
Others	(214)	297
	<u>125</u>	<u>3,501</u>

The contingent consideration payable mainly arising from the acquisition of Shanghai Jiayuan Baoji Property Services Company Limited ("Shanghai Baoji"). The Group is obligated to pay the vendor an additional amount if specified projects are completed and the Group is engaged to perform property management services. During the year ended 31 December 2024, the Group recognised a fair value gain on contingent consideration payable amounting to RMB649,000. At 31 December 2024 and 2025, the estimated fair value of this obligation is nil.



10 PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of right-of-use assets (Note 29(a))	476	79
Depreciation of property and equipment (Notes 17 & 29(a))	4,321	5,850
Amortisation of intangible assets (Notes 18 & 29(a))	9,632	9,476
Cost of inventories sold	5,647	5,856
Auditor's remuneration	2,000	2,300
Short-term lease expenses	2,229	2,755
	<u>22,285</u>	<u>26,315</u>

11 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Wages, salaries and bonuses	294,674	310,179
Social insurance and housing provident fund contributions	46,566	51,094
Other benefits	18,665	25,563
	<u>359,905</u>	<u>386,836</u>

All employees of the subsidiaries in the PRC participate in employee social insurance plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the contributions paid by the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

During the years ended 31 December 2025 and 2024, the Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2025 and 2024 which may be used by the Group to reduce the contribution payable in future years.

Contributions totalling approximately RMB13,970,000 (2024: RMB14,461,000) were payable to the plans at the year-end.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director and chief executive officer of the Company during the years ended 31 December 2025 and 2024 are set out below:

	Fees		Basic salaries, housing allowances and other allowances		Contribution to pension scheme		Discretionary bonuses		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors										
Mr. Li Meng (i)	-	-	675	35	-	-	-	-	675	35
Mr. Xin Bing (ii)	-	-	420	35	-	-	-	-	420	35
Mr. Zhu Hongge (iii)	-	-	-	755	-	-	-	417	-	1,172
Mr. Pang Bo (iv)	-	-	-	375	-	9	-	197	-	581
Mr. Bao Guojun (iv)	-	-	-	363	-	10	-	183	-	556
Non-executive director										
Ms. Ruan Hong (v)	-	-	-	-	-	-	-	-	-	-
Independent non-executive directors										
Mr. Cai Sitao (vi)	96	8	-	-	-	-	-	-	96	8
Ms. Cui Yan (vi)	96	8	-	-	-	-	-	-	96	8
Mr. Zhang Chen (vi)	96	8	-	-	-	-	-	-	96	8
Ms. Liang Yunxu (vii)	-	111	-	-	-	-	-	-	-	111
Mr. Wang Huimin (vii)	-	111	-	-	-	-	-	-	-	111
Mr. Wong Kwok Yin (vii)	-	111	-	-	-	-	-	-	-	111
	<u>288</u>	<u>357</u>	<u>1,095</u>	<u>1,563</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>797</u>	<u>1,383</u>	<u>2,736</u>

12 DIRECTORS' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

- (i) Mr. Li Meng was appointed as executive director and chairman of the board of directors on 10 December 2024.
- (ii) Mr. Xin Bing was appointed as executive director on 10 December 2024.
- (iii) Mr. Zhu Hongge was also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer. He resigned as an executive director, the chairman of the board of directors and the chief executive officer of the Company on 26 July 2024.
- (iv) Mr. Pang Bo and Mr. Bao Guojun resigned as executive directors on 31 December 2024.
- (v) Ms. Ruan Hong was appointed as non-executive director on 28 February 2025.
- (vi) Mr. Cai Sitao, Ms. Cui Yan and Mr. Zhang Chen were appointed as independent non-executive directors on 10 December 2024.
- (vii) Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin resigned as independent non-executive directors on 31 December 2024.

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking for the year (2024: Nil).

No payment was made to the directors as compensation for early termination of appointment for the year (2024: Nil).

None of the directors of the Company waived any emoluments for the year (2024: Nil).

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office for the year (2024: Nil).

There were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors for the year (2024: Nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five individuals with the highest emoluments in the Group during the year include 2 directors (2024: 2 directors). No emoluments were paid by the Group to the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office for the year (2024: Nil). The emoluments payable to the remaining 3 individuals for the year (2024: 3 individuals) are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances and other allowances	1,324	1,330
Contribution to pension scheme	29	60
Discretionary bonuses	353	597
	<u>1,706</u>	<u>1,987</u>

The emoluments of those individuals fell within the following bands:

	Number of individuals Year ended 31 December	
	2025	2024
Nil to HKD1,000,000	<u>3</u>	<u>3</u>

13 FINANCE COSTS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest expense on bank borrowings (Note 29(c))	590	1,183
Interest expense on lease liabilities (Note 29(c))	74	7
	<u>664</u>	<u>1,190</u>

14 INCOME TAX EXPENSE

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax charge	30,840	40,072
Deferred income tax credit	(8,058)	(21,005)
	<u>22,782</u>	<u>19,067</u>

(a) Corporate income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the year (2024: Nil).

Pursuant to PRC Corporate Income Tax Law and respective regulations, the corporate income tax provision of the Group in respect of operations in the PRC has been calculated at a rate of 25% on the respective taxable income for the year, unless it meets the conditions for other preferential tax treatment, such as entitled corporate income tax rate of 5% for Small and Micro Enterprises.

(b) The income tax expense for the year reconciled to the profit before taxation is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before taxation	<u>154,314</u>	<u>32,359</u>
Tax calculated at statutory corporate income tax rate of 25%	38,579	8,090
Effects of different tax rates applicable to different subsidiaries of the Group	(1,548)	(1,882)
Tax losses and temporary difference not recognised	515	300
Tax effect of utilisation of tax losses not previously recognised	(45)	(112)
Effects of share of results of associates	19	18
Income not taxable for taxation purposes	(27,308)	(601)
Expenses not deductible for taxation purposes	<u>12,570</u>	<u>13,254</u>
Income tax expense	<u>22,782</u>	<u>19,067</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 EARNINGS PER SHARE – BASIC AND DILUTED

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2025	2024
Profit attributable to owners of the Company (RMB' 000)	<u>129,054</u>	<u>8,157</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>611,709</u>	<u>611,709</u>
Basic earnings per share (RMB)	<u>0.21</u>	<u>0.01</u>

(b) Diluted earnings per share

Diluted earnings per share were the same as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

16 DIVIDENDS

The board of directors did not recommend the payment of any dividend for the years ended 31 December 2025 and 2024.



17 PROPERTY AND EQUIPMENT

	Buildings <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2025				
Opening net book amount	4,291	18,031	370	22,692
Disposal of a subsidiary	–	(1,107)	(1)	(1,108)
Additions	–	1,942	274	2,216
Disposals (Note 29(b))	–	(283)	(2)	(285)
Depreciation (Note 10)	(485)	(3,493)	(343)	(4,321)
Closing net book amount	<u>3,806</u>	<u>15,090</u>	<u>298</u>	<u>19,194</u>
At 31 December 2025				
Cost	6,453	53,985	4,647	65,085
Accumulated depreciation	(2,647)	(38,895)	(4,349)	(45,891)
Net book amount	<u>3,806</u>	<u>15,090</u>	<u>298</u>	<u>19,194</u>
Year ended 31 December 2024				
Opening net book amount	4,793	20,149	840	25,782
Disposals of subsidiaries	–	(158)	(1)	(159)
Additions	17	3,226	416	3,659
Disposals (Note 29(b))	–	(279)	(461)	(740)
Depreciation (Note 10)	(519)	(4,907)	(424)	(5,850)
Closing net book amount	<u>4,291</u>	<u>18,031</u>	<u>370</u>	<u>22,692</u>
At 31 December 2024				
Cost	6,453	54,299	4,925	65,677
Accumulated depreciation	(2,162)	(36,268)	(4,555)	(42,985)
Net book amount	<u>4,291</u>	<u>18,031</u>	<u>370</u>	<u>22,692</u>

Depreciation was charged to the “Cost of services and sales” and “Administrative expenses” in the consolidated statement of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Property management contracts <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2025				
Opening net book amount	18,103	92,205	1,032	111,340
Additions	-	-	1,138	1,138
Amortisation (Note 10)	(9,299)	-	(333)	(9,632)
Closing net book amount	<u>8,804</u>	<u>92,205</u>	<u>1,837</u>	<u>102,846</u>
At 31 December 2025				
Cost	56,704	106,762	2,994	166,460
Accumulated amortisation	(47,900)	-	(1,157)	(49,057)
Accumulated impairment	-	(14,557)	-	(14,557)
Net book amount	<u>8,804</u>	<u>92,205</u>	<u>1,837</u>	<u>102,846</u>
Year ended 31 December 2024				
Opening net book amount	27,402	92,205	1,209	120,816
Amortisation (Note 10)	(9,299)	-	(177)	(9,476)
Closing net book amount	<u>18,103</u>	<u>92,205</u>	<u>1,032</u>	<u>111,340</u>
At 31 December 2024				
Cost	56,704	106,762	1,856	165,322
Accumulated amortisation	(38,601)	-	(824)	(39,425)
Accumulated impairment	-	(14,557)	-	(14,557)
Net book amount	<u>18,103</u>	<u>92,205</u>	<u>1,032</u>	<u>111,340</u>

Amortisation was charged to the "Cost of services and sales" in the consolidated statement of comprehensive income.



18 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill has been allocated to the respective CGU for impairment testing. Impairment review on the goodwill has been conducted by the management with the assistance of a valuation performed by a third-party independent valuer (Jones Lang LaSalle Corporate Appraisal and Advisory Limited) as at 31 December 2025 according to HKAS 36 Impairment of assets. The goodwill (net book amount) is allocated in CGU as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Shanghai Baoji CGU	71,517	71,517
Hunan Jiayuan Huaguan Property Services Company Limited ("Hunan Huaguan") CGU	13,284	13,284
Hunan Yahua Property Management Company Limited ("Hunan Yahua") CGU	7,404	7,404
	<u>92,205</u>	<u>92,205</u>

The recoverable amount of a CGU is determined based on the higher of value in use and the fair value less cost of disposal (the "FVLCO"). As at 31 December 2025, management estimated the recoverable amounts of all CGUs.

As at 31 December 2025 and 2024, there is no impairment in respect of goodwill in the respective year as CGU recoverable amounts exceeded its carrying amounts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections covering a five-year period to undertake impairment testing of goodwill:

	As at 31 December	
	2025	2024
For Shanghai Baoji CGU:		
Revenue growth rates during the projection period	- 2.0% – 3.6%	- 0.7% – 2.5%
Gross profit margins during the projection period	22.6% – 25.7%	24.3% – 28.1%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	20.5%	18.4%
For Hunan Huaguan CGU:		
Revenue growth rates during the projection period	0.2% – 3.3%	- 4.1% – 3.3%
Gross profit margins during the projection period	23.0% – 28.3%	26.4% – 28.8%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	24.0%	23.7%
For Hunan Yahua CGU:		
Revenue growth rates during the projection period	- 8.7% – 5.1%	- 1.2% – 2.9%
Gross profit margins during the projection period	21.1% – 24.7%	21.0% – 23.4%
Terminal growth rate	2.0%	2.0%
Pre-tax discount rate	20.1%	19.6%



18 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

The key assumptions used in the VIU calculations are as follows:

- (a) Revenue growth rates – The revenue growth rates are estimated based on the Group’s contracted gross floor area under management, expected new projects under management and pricing standards.
- (b) Gross profit margins – The gross profit margins during the projection period are determined by the management based on past performance, the current market conditions and its expectation for market development.
- (c) Terminal growth rates – The terminal growth rates are estimated by reference to the long-term expected inflation rate. Cash flows beyond the projection period are extrapolated using the estimated terminal growth rates.
- (d) Pre-tax discount rates – The discount rates used are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry.

Management of the Group believes that any reasonably possible change in any of the above key assumptions of the VIU calculation would not cause the carrying amount to exceed the recoverable amount of each CGU.

19 INTEREST IN ASSOCIATES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,435	1,508
Share of results	(75)	(73)
At the end of the year	<u>1,360</u>	<u>1,435</u>

As at 31 December 2025 and 2024, there were no significant contingent liabilities and commitments relating to the Group’s interest in associates. The associates are unlisted companies and have no quoted prices.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets at amortised cost:		
Trade and other receivables	463,674	407,522
Restricted bank deposits	1,699	2,515
Cash and cash equivalents	<u>33,927</u>	<u>60,762</u>
	<u>499,300</u>	<u>470,799</u>

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial liabilities at amortised cost:		
Trade and other payables	315,698	300,982
Bank borrowings	<u>6,461</u>	<u>18,581</u>
	<u>322,159</u>	<u>319,563</u>

21 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables (a)	391,180	350,920
Other receivables (b)	72,494	56,602
Prepayments	<u>9,660</u>	<u>7,026</u>
Trade and other receivables	<u>473,334</u>	<u>414,548</u>

As at 31 December 2025 and 2024, most of the trade and other receivables were denominated in RMB, and the fair value of trade and other receivables approximated their carrying amounts.



21 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	698,102	644,230
Less: allowance for impairment (Note 3.1.2)	(306,922)	(293,310)
	<u>391,180</u>	<u>350,920</u>

Trade receivables mainly arise from property management services income under lump sum basis and value-added services to property developers. Property management services income under lump sum basis are received in accordance with the terms of the relevant service agreements. Service income from property management services are due for payment by the residents upon the issuance of demand note. No credit term is granted to Customers. The ageing analysis of the trade receivables based on invoice date and net of allowance for impairment is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
0-60 days	59,434	154,770
61-180 days	51,700	12,251
181-365 days	92,531	28,134
1-2 years	112,467	48,188
2-3 years	39,539	70,541
3-4 years	23,948	26,376
4-5 years	8,359	8,915
More than 5 years	3,202	1,745
	<u>391,180</u>	<u>350,920</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Other receivables

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other receivables	95,779	75,878
Less: allowance for impairment (Note 3.1.2)	<u>(23,285)</u>	<u>(19,276)</u>
	<u>72,494</u>	<u>56,602</u>

The amount primarily represented the advance paid for Customers to settle their utility bills and other charges on their behalf.

22 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash at banks and on hand (a)	35,626	63,277
Less: Restricted bank deposits (b)	<u>(1,699)</u>	<u>(2,515)</u>
Cash and cash equivalents	<u>33,927</u>	<u>60,762</u>

As at 31 December 2025 and 2024, most of the cash at banks were denominated in RMB.

- (a) Cash and bank deposits held in the PRC are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. The carrying amount of the cash and bank deposits included within the consolidated financial statements to which these restrictions apply is RMB35,534,000 (2024: RMB63,207,000). Cash at banks generally earns interest at floating rates based on daily bank deposits rates.
- (b) The restricted bank deposits are restricted for litigation and operating requirement of the local government authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 SHARE CAPITAL

	Number of ordinary shares	Nominal value of shares <i>HKD'000</i>	Equivalent nominal value of shares <i>RMB'000</i>
Authorised			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,000,000,000	20,000	17,195
Issued and fully paid			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>611,709,000</u>	<u>6,117</u>	<u>5,225</u>

24 RESERVES

	Share premium <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Statutory reserves <i>RMB'000</i> (Note a)	Other reserves <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	454,301	(539,108)	56,910	(107,786)	(135,683)
Profit for the year	-	129,054	-	-	129,054
Appropriation of statutory reserves	-	(16,745)	16,745	-	-
At 31 December 2025	<u>454,301</u>	<u>(426,799)</u>	<u>73,655</u>	<u>(107,786)</u>	<u>(6,629)</u>
At 1 January 2024	454,301	(532,904)	42,549	(107,786)	(143,840)
Profit for the year	-	8,157	-	-	8,157
Appropriation of statutory reserves	-	(14,361)	14,361	-	-
At 31 December 2024	<u>454,301</u>	<u>(539,108)</u>	<u>56,910</u>	<u>(107,786)</u>	<u>(135,683)</u>

- (a) The Company's subsidiaries registered in the PRC are required to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends until the accumulated total of the fund reaches 50% of their respective registered capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables (a)	<u>76,736</u>	<u>78,094</u>
Other payables		
– Utility and other charges (b)	59,547	51,853
– Owners' maintenance fund (c)	41,709	39,789
– Deposits received (d)	77,592	84,042
– Loan from VCL (e)	6,281	3,700
– Payroll payable	58,111	55,728
– Other taxes payables	16,470	16,964
– Others	<u>53,833</u>	<u>43,504</u>
	<u>313,543</u>	<u>295,580</u>
	<u><u>390,279</u></u>	<u><u>373,674</u></u>

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
0-60 days	24,544	39,987
61-180 days	10,889	9,636
181-365 days	21,994	7,067
More than 1 year	<u>19,309</u>	<u>21,404</u>
	<u>76,736</u>	<u>78,094</u>

(b) The amounts represent receipts from Customers for the settlement of their utility bills and other charges on their behalf.

(c) The amounts represent various proceeds received on behalf of the property owners to be used for property maintenance.

(d) The amounts mainly represent deposits received from Customers in relation to home decoration and performance guarantee deposits from suppliers, which are to be refunded upon completion of the relevant work.

(e) The amount is unsecured, interest-free and repayable on 30 June 2026 (2024: 2 February 2025).



26 BANK BORROWINGS

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans – secured	<u>6,461</u>	<u>18,581</u>

The Group's bank borrowings are repayable as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	6,461	12,127
Over 1 year and within 2 years	<u>–</u>	<u>6,454</u>
	6,461	18,581
Less: amount due for settlement within 12 months (shown under current liabilities)	<u>(6,461)</u>	<u>(12,127)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>–</u>	<u>6,454</u>

As at 31 December 2025, the bank borrowings were secured by 100% equity interest in Shanghai Baoji (2024: same). All of the bank borrowings carried no financial covenants (2024: same).

Bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. The effective interest rate of bank borrowings at the year ended 31 December 2025 was 3.9% (2024: 4.0%).

The carrying amounts of the bank borrowings are denominated in RMB.

The carrying amounts of the current borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 PROVISIONS

Provision for:	Loss on unauthorised Pledged Shares RMB'000 (Note a)	Loss on unauthorised guarantee RMB'000 (Note b)	Total RMB'000
At 1 January 2025	46,862	152,340	199,202
Reclassified to other payables	–	(43,000)	(43,000)
Charged/(credited) to the consolidated statement of comprehensive income	21,552	(109,340)	(87,788)
At 31 December 2025	<u>68,414</u>	<u>–</u>	<u>68,414</u>
At 1 January 2024	49,315	123,000	172,315
(Credited)/charged to the consolidated statement of comprehensive income	(2,453)	29,340	26,887
At 31 December 2024	<u>46,862</u>	<u>152,340</u>	<u>199,202</u>

(a) Loss on unauthorised Pledged Shares

As detailed in the announcement of the Company dated 25 September 2024 and 30 September 2024, it was identified that in March 2022, Zhejiang Heyuan Property Services Co., Ltd. (浙江禾源物業服務有限公司) (“Zhejiang Heyuan”), an indirect wholly-owned PRC subsidiary of the Company, without the permission or authorisation of the board of directors and senior management of the Company, entered into an unauthorised and undisclosed share pledge agreement. Under this agreement, Zhejiang Heyuan agreed to pledge its equity interest in Zhejiang Jiayuan Services and all underlying interest thereof (the “Pledged Shares”). The pledge was to secure the repayment obligation of Mr. Shum as at the material time of entering into of the agreement, as borrower, in respect of a personal loan of RMB80,000,000 from an external lender. The loan was interest-bearing at 18% per annum, repayable on 31 May 2022 and was further secured by properties held by the then related parties under Mr. Shum’s control, with joint and several guarantee obligations provided by one of the then related parties.

Following Mr. Shum’s failure to repay, the lender initiated legal proceedings against Mr. Shum as the borrower and a guarantor party in July 2022. In September 2022, a civil mediation paper was issued, affirming the lender’s right to enforce repayment of the loan’s principal and interest, and to receive preferential rights to the proceeds from the auction or sale of pledged properties and the Pledged Shares. In March 2023, the court granted an enforcement order, and execution proceeding resumed in March 2024. Up to the end of December 2024, one of the pledged properties was successfully auctioned. By December 2025, two additional pledged properties have been successfully auctioned. There were no further actions taken on the remaining pledged properties and the Pledged Shares.

The extent to which Mr. Shum will be able to repay the lender for the outstanding principal and interests of the loan remains uncertain. Based on legal advice and the evaluation by an independent third-party valuer, the Group recognised a provision of approximately RMB68,414,000 (2024: RMB46,862,000) for loss on unauthorised Pledged Shares. The amount represents the Group’s best estimate of the probable cash outflow arising from the obligations under the share pledge agreement, taking into account the net realisable value of the pledged properties.

27 PROVISIONS (Continued)

(b) Loss on unauthorised guarantee

As described in detail in the announcement dated 13 November 2024 and 13 December 2024, on 27 July 2023, two indirectly wholly-owned PRC subsidiaries of the Company, Zhejiang Heyuan and Zhejiang Jiayuan Services (collectively referred to as the “Involved Subsidiaries”), entered into unauthorised guarantee agreements with two independent third parties, as creditors (the “Creditors”), and the Involved Subsidiaries, as guarantors. These agreements, also involving a company controlled by Mr. Shum as guarantors, stipulated that the Involved Subsidiaries and the then related party would provide joint liability guarantees for all creditors’ rights, effective for three years following the obligation fulfillment period. This arrangement was in favour of Chaohu Xutong Business Management Co., Ltd.* (巢湖市旭彤商業管理有限公司) (“Chaohu Xutong”), a PRC limited liability company under Mr. Shum’s control, pursuant to an equity transfer agreement dated 27 July 2023. In this equity transfer agreement, Chaohu Xutong as transferee, agreed to acquire the entire equity interest of a target company from the two independent third parties, as transferors, at a consideration of RMB123,000,000, payable in one lump sum within 60 days from the effective date of the equity transfer agreement.

Following Chaohu Xutong’s failure to fulfill this payment, the creditors initiated arbitration through the Shanghai Arbitration Commission (the “SAC”) in December 2023. In April 2024, without proper authorisation, the legal advisers of the Involved Subsidiaries attended the arbitration hearing and entered into a settlement agreement, mandating a combined compensation to the creditors of approximately RMB124,000,000, being the consideration and the arbitration fee, as confirmed by the SAC through an arbitration mediation statement.

Based on the legal advice, the creditors could legally demand payment based on the settlement agreement. Should the Involved Subsidiaries assume all payment obligations, they may seek full recovery from Chaohu Xutong and any excess amount from the then related party, which has assumed joint liability for the payment obligations. According to the PRC Civil Code, guarantors share equal liability unless otherwise agreed.

For the year ended 31 December 2024, the Group has recognised a provision for the loss on unauthorised guarantee of approximately RMB152,340,000, based on the consideration and arbitration and penalty fees stipulated in the arbitration mediation statement. This provision supersedes the financial guarantee liability of approximately RMB123,000,000 recognised as at 31 December 2023, which had been based on the equity transfer consideration associated with the unauthorised guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 PROVISIONS (Continued)

(b) Loss on unauthorised guarantee (Continued)

In May 2025, the Creditor, Chaohu Xutong, the Involved Subsidiaries, and the Former Related Party entered into an enforcement settlement agreement to settle all obligations under the unauthorised guarantee agreements for RMB86,000,000. The settlement comprises RMB43,000,000 through the assignment of 1,034 car parking spaces by the Former Related Party and RMB43,000,000 in cash payments by the Involved Subsidiaries, scheduled in four instalments, due in full by 31 December 2025. In light of the entering into of the Enforcement Settlement Agreement. The Shanghai No. 2 Intermediate People's Court lifted the Enforcement Order and concluded the execution of the relevant case in May 2025.

Consequently, the Group recognised a reversal of provision of RMB109,340,000, comprising RMB66,340,000 (the difference between the provision and the settlement amount) and RMB43,000,000 attributable to the car parking spaces. The remaining provision of RMB43,000,000 was reclassified as other payables.

Up to December 2025, all of the unauthorised guarantee payable was settled in according to the terms of the enforcement settlement agreement.

28 DEFERRED INCOME TAX

The following are the deferred income tax assets and liabilities recognised by the Group:

Deferred income tax assets

	Allowance for impairment of financial assets <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	69,396	2,812	593	72,801
Credited/(charged) to the consolidated statement of comprehensive income	5,464	258	(137)	5,585
Disposal of a subsidiary	(652)	(25)	–	(677)
At 31 December 2025	<u>74,208</u>	<u>3,045</u>	<u>456</u>	<u>77,709</u>
At 1 January 2024	51,111	3,439	1	54,551
Credited/(charged) to the consolidated statement of comprehensive income	18,953	(262)	593	19,284
Disposals of subsidiaries	(668)	(365)	(1)	(1,034)
At 31 December 2024	<u>69,396</u>	<u>2,812</u>	<u>593</u>	<u>72,801</u>



28 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Fair value gain from business combinations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	4,525	604	5,129
Credited to the consolidated statement of comprehensive income	(2,325)	(148)	(2,473)
At 31 December 2025	<u>2,200</u>	<u>456</u>	<u>2,656</u>
At 1 January 2024	6,850	–	6,850
(Credited)/charged to the consolidated statement of comprehensive income	(2,325)	604	(1,721)
At 31 December 2024	<u>4,525</u>	<u>604</u>	<u>5,129</u>

Under the income tax laws in the PRC, withholding tax is imposed on dividend declared in respect of profit earned by the PRC subsidiaries. As at 31 December 2025 and 31 December 2024, the Group's PRC subsidiaries had no distributable earnings to be remitted to their overseas holding companies.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. For the year ended 31 December 2025, the Group did not recognise deferred income tax assets in respect of losses amounting to approximately RMB3,093,000 (2024: RMB2,068,000) that can be carried forward against future taxable income. Tax losses of the Group's companies operated in the PRC could be carried forward for a maximum of five years.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net deferred income tax assets recognised in the consolidated statement of financial position	75,471	68,758
Net deferred income tax liabilities recognised in the consolidated statement of financial position	(418)	(1,086)
	<u>75,053</u>	<u>67,672</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before taxation	<u>154,314</u>	<u>32,359</u>
Adjustments for		
– Depreciation of property and equipment (Note 10)	4,321	5,850
– Depreciation of right-of-use assets (Note 10)	476	79
– Amortisation of intangible assets (Note 10)	9,632	9,476
– Impairment losses on financial assets (Note 3.1.2)	88,834	87,174
– Loss/(reversal of loss) on unauthorised Pledged Shares (Note 27)	21,552	(2,453)
– (Reversal of loss)/loss on unauthorised guarantee (Note 27)	(109,340)	29,340
– Interest income (Note 8)	(85)	(219)
– Finance costs (Note 13)	664	1,190
– Share of results of associates (Note 19)	75	73
– Fair value gain on contingent consideration payable for business combination (Note 9)	–	(649)
– Gains on disposals of subsidiaries (Note 9)	(322)	(3,150)
– (Gains)/losses on disposals of property and equipment (Note 9)	(16)	594
– Exchange (gains)/losses, net (Note 9)	(1)	1
Operating profit before working capital changes	<u>170,104</u>	<u>159,665</u>
– Decrease in restricted bank deposits	816	726
– Increase in inventories	(264)	(109)
– Increase in trade and other receivables	(159,088)	(128,863)
– Increase/(decrease) in contract liabilities	1,571	(9,225)
– Increase in trade and other payables	<u>30,143</u>	<u>21,008</u>
Cash generated from operations	<u><u>43,282</u></u>	<u><u>43,202</u></u>



29 CASH FLOW INFORMATION (Continued)

(b) Disposals of property and equipment

In the consolidated statement of cash flows, proceeds from disposals of property and equipment comprise:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net book amount (Note 17)	285	740
Gains/(losses) on disposals (Note 9)	16	(594)
Proceeds from disposals	<u>301</u>	<u>146</u>

(c) Reconciliation of liabilities arising from financing activities

This section sets out the movements in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	Dividends payable to non-controlling interests RMB'000	Lease liabilities RMB'000	Bank borrowings RMB'000	Total RMB'000
Liabilities as at 1 January 2025	–	2,260	18,581	20,841
Cash flows	(2,216)	(508)	(12,710)	(15,434)
Non-cash				
– Interest expenses (Note 13)	–	74	590	664
– Dividends declared	2,216	–	–	2,216
Liabilities as at 31 December 2025	<u>–</u>	<u>1,826</u>	<u>6,461</u>	<u>8,287</u>
Liabilities as at 1 January 2024	–	–	29,896	29,896
Cash flows	(5,638)	(127)	(12,498)	(18,263)
Non-cash				
– Addition of right-of-use assets	–	2,380	–	2,380
– Interest expenses (Note 13)	–	7	1,183	1,190
– Dividends declared	5,638	–	–	5,638
Liabilities as at 31 December 2024	<u>–</u>	<u>2,260</u>	<u>18,581</u>	<u>20,841</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CASH FLOW INFORMATION (Continued)

(d) Disposals of subsidiaries

During the year, the Group disposed interest in a subsidiary (2024: several subsidiaries) to certain third parties. Details of the disposals are as follows:

	2025 RMB'000	2024 RMB'000
Consideration		
– Cash	0*	1,155
– Receivables from disposals	–	1,681
– Liabilities discharged	–	490
	<u>0*</u>	<u>3,326</u>
Total net liabilities/(assets) of subsidiaries disposed of	322	(1,255)
Non-controlling interests disposed of	–	1,079
	<u>–</u>	<u>1,079</u>
Gains on disposals of subsidiaries (Note 9)	<u>322</u>	<u>3,150</u>
Net cash outflow arising on disposals:		
Cash consideration received	0*	1,155
Cash and cash equivalents disposed of	(1,029)	(3,512)
	<u>(1,029)</u>	<u>(2,357)</u>

* Represent amount less than RMB1,000

30 COMMITMENTS

(a) Operating lease arrangements

The Group regularly entered into short-term leases for offices. As at 31 December 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses in Note 10.

(b) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of capital contribution to associates	<u>665</u>	<u>–</u>



31 CONTINGENT LIABILITIES

In addition to the unauthorised Pledged Shares and unauthorised guarantee for which provisions have been made for with details of which are set out in Note 27, as at 31 December 2025, certain subsidiaries of the Company were defendants in various claims, lawsuits, arbitrations and potential claims relating to property management contract and employment dispute. The directors of the Company after due consideration of each case and with reference to legal advice, consider the claims will not result in any material adverse impact on the consolidated financial position or results of operations of the Group.

32 MATERIAL RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years ended 31 December 2025 and 2024. In the opinion of the directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Key management compensation

Key management group includes directors and senior managements of the Group. The compensation paid or payable to key management is shown below:

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
– Salaries, wages and bonuses	4,510	4,891
– Social insurance and housing provident fund contributions	143	121
– Other benefits	64	10
	<u>4,717</u>	<u>5,022</u>

The key management personnel compensation is determined by the directors of the Company having regard to the performance of individual and market trends.

(b) Balances with related parties

In addition to the balances detailed in Note 25, as at 31 December 2025, included in payroll payable was remuneration of approximately RMB313,000 (2024: RMB316,000) payable to key management personnel which is unsecured, interest-free and to be settled in cash.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		<u>388,224</u>	<u>388,224</u>
Current assets			
Other receivables		44,464	46,389
Cash and cash equivalents		<u>64</u>	<u>46</u>
		<u>44,528</u>	<u>46,435</u>
Total assets		<u><u>432,752</u></u>	<u><u>434,659</u></u>
EQUITY			
Share capital		5,225	5,225
Reserves	(a)	<u>390,544</u>	<u>397,836</u>
Total equity		<u><u>395,769</u></u>	<u><u>403,061</u></u>
LIABILITIES			
Current liabilities			
Other payables		<u>36,983</u>	<u>31,598</u>
Total liabilities		<u><u>36,983</u></u>	<u><u>31,598</u></u>
Total equity and liabilities		<u><u>432,752</u></u>	<u><u>434,659</u></u>

The statement of financial position of the Company was approved by the board of directors on 31 March 2026 and is signed on its behalf by:

Li Meng
Director

Xin Bing
Director

33 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Reserve movements of the Company

	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i> (Note i)	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	454,301	100,934	(157,399)	397,836
Loss for the year	—	—	(7,292)	(7,292)
At 31 December 2025	<u>454,301</u>	<u>100,934</u>	<u>(164,691)</u>	<u>390,544</u>
At 1 January 2024	454,301	100,934	(150,002)	405,233
Loss for the year	—	—	(7,397)	(7,397)
At 31 December 2024	<u>454,301</u>	<u>100,934</u>	<u>(157,399)</u>	<u>397,836</u>

(i) Amounts represented the difference between the net asset value of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company issued in exchange thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 SUBSIDIARIES

The following is a list of principal subsidiaries, all of these are limited liability companies:

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2025	2024	
Directly held by the Company:					
Chuangyuan Development Limited (創源發展有限公司)	British Virgin Islands	US\$1	100%	100%	Investment holding in Hong Kong
Indirectly held by the Company:					
Jiayuan Property Management Limited (佳源物業管理有限公司)	Hong Kong	HK\$1	100%	100%	Investment holding in Hong Kong
Zhejiang Heyuan (浙江禾源物業服務有限公司) (a)	the PRC	US\$64,468,800 (2024: US\$100,000,000)	100%	100%	Investment holding in the PRC
Zhejiang Zhixiang Dacheng (浙江智想大成物業服務集團有限公司)	the PRC	RMB500,000,000	100%	100%	Property management in the PRC
Zhejiang Meiyuan Family Service Company Limited (浙江美源家庭服務有限公司)	the PRC	RMB10,000,000	100%	100%	Community value added services in the PRC
Chongqing Zhongnong Guoxin Property Management Company Limited (重慶中農國信物業管理有限公司)	the PRC	RMB5,000,000	100%	100%	Property management in the PRC
Hangzhou Dacheng Min'an Property Service Company Limited (杭州大成民安物業服務有限公司)	the PRC	RMB3,000,000	100%	100%	Property management in the PRC
Xinjiang Jiayuan Urban Property Service Company Limited (新疆佳源都市物業服務有限公司)	the PRC	RMB500,000 (2024: RMB5,000,000)	100%	100%	Property management in the PRC
Chongqing Jiabao Property Service Company Limited (重慶佳寶物業服務有限公司)	the PRC	RMB10,000,000	51%	51%	Property management in the PRC

34 SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2025	2024	
Indirectly held by the Company:					
<i>(Continued)</i>					
Taixing Zhixiang Property Service Company Limited (泰興智想物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Hangzhou Zhixiang Dacheng Property Service Company Limited (杭州智想大成物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Zhixiang Property Service Company Limited (嘉興佳源智想物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Jiaxing Jiayuan Xingzhou Property Service Company Limited (嘉興佳源星洲物業服務有限公司)	the PRC	RMB500,000	100%	100%	Property management in the PRC
Hunan Huaguan (湖南佳源華冠物業服務有限公司)	the PRC	RMB5,000,000	65%	65%	Property management in the PRC
Hunan Huaze Property Service Company Limited (“Hunan Huaze”) (湖南華澤物業服務有限公司) (b)	the PRC	RMB2,000,000	41%	41%	Property management in the PRC
Changsha Yiyoujia Real Estate Brokerage Company Limited (長沙及第有佳房地產經紀有限公司)	the PRC	RMB1,000,000	65%	65%	Community value added services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2025	2024	
Indirectly held by the Company:					
<i>(Continued)</i>					
Loudi Jiayuan Huaguan Property Service Company Limited (婁底佳源華冠物業服務有限公司)	the PRC	RMB2,000,000	65%	65%	Property management in the PRC
Hunan Jiayou Family Service Company Limited (湖南佳優家庭服務有限公司)	the PRC	RMB2,000,000	65%	65%	Property management in the PRC
Longhui Huaguan Property Services Company Limited (隆回華冠物業服務有限公司)	the PRC	RMB1,000,000	65%	65%	Property management in the PRC
Guizhou Jiazhi Property Management Company Limited (貴州佳致物業管理有限公司)	the PRC	RMB1,000,000	51%	51%	Property management in the PRC
Qingdao Jiayuan Derun Property Service Company Limited (青島佳源德潤物業服務有限責任公司)	the PRC	RMB10,000,000	65%	65%	Property management in the PRC
Shanghai Baoji (上海佳源保集物業服務有限公司)	the PRC	RMB13,000,000	100%	100%	Property management in the PRC
Guangzhou Jiayuan Property Service Company Limited (廣州佳源物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC

34 SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation	Register/issued capital	Equity interest attributable to the Group		Principal activities/place of operations
			2025	2024	
Indirectly held by the Company:					
<i>(Continued)</i>					
Hunan Yahua (湖南亞華物業管理有限公司)	the PRC	RMB3,000,000	51%	51%	Property management in the PRC
Suqian Jiasu Property Service Company Limited (宿遷市住宿物業服務有限公司)	the PRC	RMB2,000,000	100%	100%	Property management in the PRC
Siyang Sijia Property Service Company Limited (泗陽泗佳物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Siyang Jiacheng Property Service Company Limited (泗陽佳成物業服務有限公司)	the PRC	RMB1,000,000	100%	100%	Property management in the PRC
Huzhou Zhixiang Dacheng Property Service Company Limited (湖州智想大成物業服務有限公司)	the PRC	RMB500,000	100%	–	Property management in the PRC

(a) Registered as wholly foreign owned enterprises under PRC law.

(b) Hunan Huaze is 63% owned by Hunan Huaguan.

The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

The above list included subsidiaries having material impact on the annual results or net assets of the Group.

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

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries was significant to the Group and thus the individual financial information of these subsidiaries was not disclosed in this section.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Revenue	<u>820,542</u>	<u>944,793</u>	<u>868,211</u>	<u>858,780</u>	<u>821,237</u>
Profit/(loss) before taxation	138,644	(646,539)	(56,950)	32,359	154,314
Income tax expense	<u>(34,464)</u>	<u>(14,012)</u>	<u>(20,444)</u>	<u>(19,067)</u>	<u>(22,782)</u>
Profit/(loss) and total comprehensive income/(expense) for the year	<u>104,180</u>	<u>(660,551)</u>	<u>(77,394)</u>	<u>13,292</u>	<u>131,532</u>
Profit/(loss) and total comprehensive income/(expense) attributable to:					
– Owners of the Company	100,478	(664,336)	(80,914)	8,157	129,054
– Non-controlling interests	<u>3,702</u>	<u>3,785</u>	<u>3,520</u>	<u>5,135</u>	<u>2,478</u>
	<u>104,180</u>	<u>(660,551)</u>	<u>(77,394)</u>	<u>13,292</u>	<u>131,532</u>

NET ASSETS AND TOTAL EQUITY

	As at 31 December				
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Total assets	1,227,129	601,916	626,814	685,031	710,600
Total liabilities	<u>599,753</u>	<u>636,035</u>	<u>738,615</u>	<u>793,099</u>	<u>689,352</u>
Net assets/(liabilities)	<u>627,376</u>	<u>(34,119)</u>	<u>(111,801)</u>	<u>(108,068)</u>	<u>21,248</u>
Equity/(deficit of equity) attributable to owners of the Company	606,578	(57,758)	(138,615)	(130,458)	(1,404)
Non-controlling interests	<u>20,798</u>	<u>23,639</u>	<u>26,814</u>	<u>22,390</u>	<u>22,652</u>
Total equity/(Total deficit in equity)	<u>627,376</u>	<u>(34,119)</u>	<u>(111,801)</u>	<u>(108,068)</u>	<u>21,248</u>