



世茂服務
SHIMAO SERVICE

SHIMAO SERVICES HOLDINGS LIMITED
世茂服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 873

2025

ANNUAL REPORT 年報





CONTENTS

- 2** Corporate Information
- 4** Five Years Financial Summary
- 6** Chairman's Statement
- 11** Management Discussion and Analysis
- 29** Report of the Directors
- 43** Corporate Governance Report
- 59** Directors and Senior Management Profiles
- 61** Information for Shareholders
- 62** Independent Auditor's Report
- 67** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 69** Consolidated Statement of Financial Position
- 71** Consolidated Statement of Changes in Equity
- 73** Consolidated Statement of Cash Flows
- 74** Notes to the Consolidated Financial Statements



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Hui Sai Tan, Jason (*Chairman*)
Shao Liang (*President*)

Independent Non-executive Directors

Zhou Xinyi
Hui Wai Man, Lawrence

AUDIT COMMITTEE

Hui Wai Man, Lawrence (*Committee Chairman*)
Zhou Xinyi

REMUNERATION COMMITTEE

Zhou Xinyi (*Committee Chairman*)
Hui Wai Man, Lawrence

NOMINATION COMMITTEE

Zhou Xinyi
Hui Wai Man, Lawrence

COMPANY SECRETARY

Chan Ka Yan

AUDITOR

Grant Thornton Hong Kong Limited
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3820, 38th Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

26th Floor
Shanghai Shimao Tower
No.55, West Weifang Road
Shanghai
PRC

Website: www.shimaofuwu.com

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 873

INVESTOR AND MEDIA RELATIONS

Investor Relations Department
Email: ir@shimaowy.com
Telephone: (86) 21 3861 1216

FIVE YEARS FINANCIAL SUMMARY

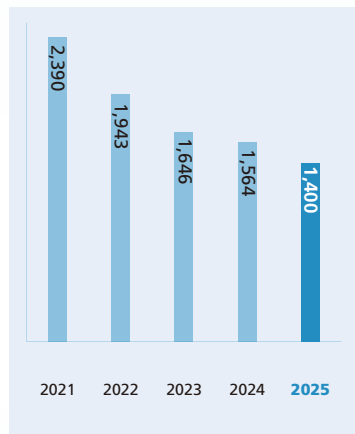
REVENUE

(RMB million)



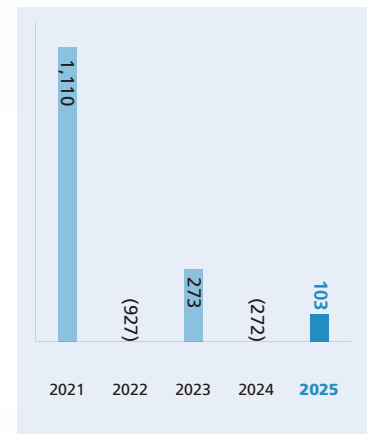
GROSS PROFIT

(RMB million)



PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(RMB million)



FIVE YEARS FINANCIAL SUMMARY

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	7,880,037	7,895,536	8,202,668	8,636,811	8,343,432
Cost of sales and services	(6,479,925)	(6,331,253)	(6,556,236)	(6,693,853)	(5,953,343)
Gross profit	1,400,112	1,564,283	1,646,432	1,942,958	2,390,089
Selling and marketing expenses	(109,540)	(116,258)	(136,643)	(233,485)	(184,342)
Administrative expenses	(699,268)	(827,492)	(989,518)	(1,356,454)	(688,990)
Loss on disposal of subsidiaries	(266)	(589,143)	–	–	–
Impairment losses on financial assets – net	(399,553)	(142,878)	(86,595)	(743,659)	(251,148)
Impairment losses on intangible assets	(65,027)	(45,829)	(121,316)	(725,620)	–
Fair value changes in derivative embedded in convertible bonds	–	–	–	57	144,746
Impairment losses on asset classified as held for sales	–	(2,306)	–	–	–
Provision for inventories	(1,184)	(31,818)	–	–	–
Other income	15,048	25,330	66,029	94,412	75,301
Other gains and losses – net	27,725	15,023	(23,976)	252,791	26,492
Other operating expenses	(6,516)	(6,626)	(10,844)	(40,789)	(6,855)
Operating profit/(loss)	161,531	(157,714)	343,569	(809,789)	1,505,293
Finance income	23,383	31,501	78,106	54,616	30,775
Finance costs	(1,477)	(30,879)	(45,932)	(216,298)	(53,761)
Share of results of associates	1,755	9,348	12,102	12,749	13,396
Profit/(Loss) before income tax	185,192	(147,744)	387,845	(958,722)	1,495,703
Income tax (expense)/credit	(50,551)	(75,214)	(71,097)	82,050	(278,857)
Profit/(Loss) for the year	134,641	(222,958)	316,748	(876,672)	1,216,846
Profit/(Loss) for the year attributable to:					
Equity holders of the Company	103,300	(272,363)	273,245	(927,120)	1,110,447
Non-controlling interests	31,341	49,405	43,503	50,448	106,399
Non-current assets	4,657,875	3,338,544	5,057,499	5,313,601	4,226,524
Current assets	8,291,474	9,648,934	9,182,539	9,285,961	13,933,933
Current liabilities	4,841,351	4,768,067	5,243,723	5,552,777	7,831,183
Net current assets	3,450,123	4,880,867	3,938,816	3,733,184	6,102,750
Total assets less current liabilities	8,107,998	8,219,411	8,996,315	9,046,785	10,329,274
Non-current liabilities	138,118	180,368	350,162	679,558	1,102,151
Equity attributable to equity holders of the Company	7,747,418	7,658,752	7,916,440	7,567,544	8,527,037
Non-controlling interests	222,462	380,291	729,713	799,683	700,086
Total equity	7,969,880	8,039,043	8,646,153	8,367,227	9,227,123

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results of Shimao Services Holdings Limited ("Shimao Services" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2025.

Market and Industry

Over the past few years, the real estate industry in China underwent profound adjustment, transitioning gradually towards a new phase characterised by "enhancing the quality of existing capacity and fostering sustainable development". Against this backdrop, players in the property management services industry have also repositioned themselves as lifetime property managers and comprehensive urban services providers, rather than merely compound stewards, and are poised for transformation of the traditional property management towards modern services.

The 15th Five-Year Plan Outline, released in October 2025, states that "Housing quality improvement projects and initiatives to enhance the quality of property services should be carried out. A full life-cycle safety management system should be established for housing", which marked the first time that "property management services" has been explicitly referred to in a Five-Year Plan, implying that it would be evolving from supporting services to an important force in urban governance, public welfare and housing safety. Meanwhile, the outline also emphasised the need to "facilitate the development of high-quality, diversified and convenient daily life services".

The property management services sector has embarked on a new chapter. Beyond overseeing the safety management of housing throughout its entire lifecycle, it emerges as a pivotal force in the urban upgrades, operation of existing projects and long-term governance. This involves refurbishing ageing communities, addressing deficiencies in infrastructure, enhancing support for public services, and managing mature neighbourhoods. By taking part in the construction of "quality housing, estates, communities, and districts", the sector creates superior living conditions for residents and refines city functions.

With a focus on the direction of enhancing the quality of existing projects, value co-creation and pursuing sustainable development, leading enterprises are actively expanding market boundaries and deepening business potential by adopting a customer-centric, market-driven orientation and technological innovation.

Deepen engagement in the existing property market

Players proactively expanded their service offerings by actively engaging in refurbishing ageing residential estates, revitalising existing buildings and repurposing industrial heritage sites. This enhances operational capabilities for existing properties, unleashes their market value, improves residents' living experiences and broadens profit growth prospects.

Expand into the non-residential property sector

The non-residential property sector is capturing the market-oriented and professional development trend with focus on deploying its non-residential fields, such as universities and colleges, hospitals, public buildings and industrial parks. With profound service experiences and standardised management systems, players are developing differentiated services and delivering integrated operational services, which extends non-residential property management services beyond basic maintenance and operations into value-added management. By broadening the customer base and optimising business structure, they are enhancing market competitiveness through economies of scale, thereby driving dual growth in both business scale and profitability.

Upgrade services through technology

The development of digital and intelligent systems to promote the deep integration of artificial intelligence (AI) technologies with property management services is picking up, with an aim of reshaping the property management services value chain, increasing service efficiency and management precision as well as promoting low-carbon operations. To facilitate the transformation of property management services sector, players are enhancing efficiency and reducing operational costs through process innovation and technological applications for high-quality sustainable development.

CHAIRMAN'S STATEMENT

Develop community value-added services

Players are proactively rebranding themselves as comprehensive integrated service providers for large communities. By capitalising on the shifts in resident needs driven by enhanced quality of existing properties, we are integrating premium internal and external resources to enrich community value-added services portfolio and continuously refine value-added services, such as better convenience facilities for residents, elderly care and companionship, community activities, parent-child services and asset management, so as to increase their sense of wellbeing, thereby transitioning from "property services" to "lifestyle services".

Fulfill social responsibilities

Aiming at deep integration into urban governance at the grassroot level, players focused on city management, public welfare and housing safety, and thus established a strong presence in the communities to support the communication channels among property owners, communities and governments, thereby enhancing the overall urban governance efficiency.

Annual Results

In 2025, the Group recorded revenue of RMB7,880.0 million, gross profit of RMB1,400.1 million, net profit of RMB134.6 million and core net profit of RMB572.1 million. The gross floor area ("GFA") under management amounted to 221.2 million sq.m. and the contracted GFA reached 334.6 million sq.m..

Excellent Market Expansions

In 2025, Shimao Services anchored the core objective of market expansion with steadfast execution, resolute determination and enterprising spirit, taking annual performance to a new peak. A number of key indicators rose to new historic highs. Additional annualised contract amount reached RMB1,973.9 million, representing a year-on-year increase of 33.1%; newly-added contracted GFA was 54.8 million sq.m., up by 27.1% year-on-year. With accelerated expansion pace, improved project quality and robust growth momentum, the market expansion team delivered once again outstanding performance, injecting a strong impetus into the high-quality development of the Company.

Shimao Services implemented a development strategy of deepening presence particularly in high-tier cities. Aiming at precisely core strategic city clusters, the Company focused on regions with competitive advantages for meticulous development and quality and efficiency improvement. By allocating outstanding staff and resources, Shimao Services extended its business presence in key areas and fully penetrated the core markets. Leveraging substantial brand heritage and outstanding market reputation, Shimao Services steadily expanded its market footprint while continuously increasing market share and strengthening market position.

In terms of project expansion, Shimao Services adhered to high-quality development as the core guideline. Led by the Investment and Expansion Committee, the Company conducted joint professional reviews to uphold project approval and evaluation standards. This ensures comprehensive quality control and long-term operational value, fortifying the project foundation from its inception and laying a solid groundwork for sustained, stable operations and efficient business management.

In terms of sector layout, Shimao Services increased its engagement in advantageous sectors, prioritising high-end and strategic fields such as semiconductors, telecommunications, energy, banking and port operations. The Company focuses on expanding into superior projects and establishing connections with leading industrial players, with an aim to build core competitiveness continuously in high-end industrial services and forge distinctive advantages.

Meanwhile, Shimao Services kept on expanding its project pipeline while maintaining a balance between scale and profitability. In particular, key projects underwent dynamic, full-cycle monitoring to ensure the sustainability, quality and long-term growth of business expansion. The Company actively deepened external collaborations, fully leveraged its brand influence and professional operation and management capabilities, strengthened strategic partnerships with local state-owned enterprises, local government financing vehicles and regional industry leaders to broaden business horizons and expand operation scale, in order to create synergy for a win-win relationship.

CHAIRMAN'S STATEMENT

Efficient Management

In 2025, Shimao Services launched a systematic initiative to enhance operational management efficiency. By progressively replacing repetitive labour work with AI applications, we have refined our measures in cost reduction and efficiency enhancement across three key dimensions, namely, operational expenditure, energy consumption, and administrative expenses. Such an approach has driven improvement in both management effectiveness and operational profitability, bringing the administrative expenses ratio down to 8.9%.

In terms of operation and management, the costs of core business were reduced through precise control and supply chain efficiency improvements, resulting in effective cost reduction. Employing a comprehensive project health framework as our core approach, we conducted meticulous breakdowns and large-scale analysis of all key cost items throughout the project lifecycle. This enabled accurate identification of key points of cost structure and inefficient expenditure, facilitating targeted resource allocation based on actual requirements and reducing unnecessary cost consumption at the root. Concurrently, we penetrated the end-to-end supply chain management further, and strengthened centralised procurement and core competency in bargaining power. By consolidating internal and external procurement requirements and expanding the scope of centralised purchasing, we leveraged economies of scale to enhance bargaining power with suppliers, directly reducing service procurement costs. Furthermore, we established a mechanism that links supply chain quality control with cost management, achieving optimal supply chain costs while maintaining quality standards and continuously optimising business cost structure.

In terms of technology empowerment, we maximised energy utilisation efficiency and reduced energy consumption costs through technology-driven transformation and dynamic optimisation. Focusing on digital cost reduction and intelligent efficiency enhancement, AIoT and IoT technologies were further implemented within energy management, and an intelligent and meticulously refined energy consumption control system was established. We established a real-time dynamic monitoring and intelligent adjustment system for high-energy-consumption equipment within the industrial parks and buildings. This enables round-the-clock monitoring of equipment operational status, data analysis, and intelligent regulation, precisely matching equipment operational loads with actual usage requirements to comprehensively enhance energy utilisation efficiency. Concurrently, through the high-tech machines applications such as cleaning robots and intelligent inspection equipment, we replaced traditional manual operations with intelligent equipment to enhance operational efficiency, reduce waste arising from manual process and drive a systematic restructuring of the cost structure of energy consumption.

Quality Enhancement

In 2025, Shimao Services launched a comprehensive quality enhancement initiative, cultivating a highly-perceivable and heartwarming service system through multi-dimensional revitalisation.

Anchoring our efforts on the core objective of service quality enhancement, we launched a comprehensive brand revitalisation initiative. This multi-dimensional approach focused on service capabilities, public spaces and community ecosystems, facilitating the frontline teams to make all-round improvements in service quality and offer heartwarming, premium and dynamic services. Hence, our customer satisfaction has been rising.

Deepening the core of our "Heartwarming Service" philosophy to fortify the foundation of customer experience. In its "Heartwarming Service" initiative, Shimao Services prioritised customer needs to accurately identify and efficiently address the diverse service requirements of property owners. Focusing on care for groups with special needs in the compound, we rolled out dedicated services for "the elderly and children", including specialised services such as considerate elderly assistance, warm companionship for seniors, and caring child pick-up and drop-off services. Regular inspections of vacant properties were arranged to safeguard owners' assets.

CHAIRMAN'S STATEMENT

Upgrading public spaces and refreshing compounds to create a desirable living environment. We systematically advanced hardware upgrades to enhance the quality of our community spaces. We took concrete action for “Illumination Optimisation” and improved the lighting along the two main routes and in the public spaces by comprehensively upgrading the lighting systems. Facility renewal was another focus, where we improved the security system and fortified the safety of the compound. We revitalised recreational facilities to enrich residents’ leisure experiences, and elevated our landscaping maintenance standards through laying new turf to replace a lawn, transplanting trees, and landscape beautification to create a comfortable and pleasant residential environment.

Creating vibrant communities to enrich the cultural life of neighbourhood. We focused on fostering harmonious neighbouring relations and meticulously built a diverse community ecosystem. Centered around core themes such as traditional festivals, mental wellbeing, and parent-child bonding, we planned and delivered distinctive cultural activities spanning multiple age groups and domains. From Spring Festival cultural gatherings to corporate networking events, and from family-friendly activities to wellness programmes for the elderly, our diverse offerings enriched the community life of the residents while fostering closer neighbouring bonds. Together, a warm, harmonious and joyful community atmosphere was created.

Future Outlook

“Service is essence” is the development direction upheld by Shimao Services. For the property management services industry, the essence of delivery lies not in a one-off product, but in a continuous service experience that is perceptible to the customer throughout the entire lifecycle.

In 2026, premium services will serve as the cornerstone, upon which Shimao Services will deepen its commitment to core sectors, including residential properties, universities and colleges and industrial parks. By enhancing project fulfilment capabilities, increasing customer satisfaction and strengthening customer loyalty, we will solidify the foundations for healthy growth in the long run.

Strengthen operational capabilities, boost efficiency and fortify the foundation for growth. We will conduct systematic reviews and diagnostics for projects under our management to establish a dedicated mechanism of “one project, one strategy”. We will implement full-chain optimisation across market positioning, service product design, and on-site operation models. Through accurate identification of core revenue drivers, we will redirect human and material resources towards high-return businesses, with an aim to achieve a fundamental improvement in project operational quality.

Enhance cost control capabilities, strengthen the supply chain and deepen strategic supplier partnerships. We will establish long-term, stable cooperative relationships with core strategic suppliers. Through centralised procurement and collaborative innovation, we will secure premium resources and favourable pricing and mitigate supply chain volatility risks while improving the stability and quality of project operation. This will ensure smooth and efficient delivery of property management services.

Increase management effectiveness and invigorate digital intelligence management. We will comprehensively upgrade our AI application capabilities. Furthering the development of our “intelligent monitoring + remote management” system, we will extensively promote the application of AI technology across operational scenarios, including security, cleaning, and facility maintenance. Through intelligent inspections, data-driven alerts and remote collaboration, proactive and visualised management actions will become possible. This will substantially reduce on-site management costs while enhancing control efficiency and response speed across property projects in different regions.

Increase brand promotion to elevate brand influence. We will continuously improve customer satisfaction through standardised service processes, meticulous client management and rapid response mechanisms. Building upon our reputation for quality service, we will establish a multi-channel communication matrix. By transforming client trust into brand influence, we will heighten the brand’s recognition and prestige within the industry, thereby injecting momentum into business growth.

CHAIRMAN'S STATEMENT

Social Responsibility

Shimao Services always integrates social responsibility into its entire business development process. While promoting its healthy growth, it remains committed to sharing fruitful development with its employees, customers, shareholders and society, fulfilling its corporate mission and social responsibility through pragmatic actions.

In the pursuit of sustainable development, Shimao Services is committed to establishing a green and environmentally friendly service model, with an aim to systematically reduce the environmental impact across all aspects of operation. The Company advances community energy-saving renovations by establishing a comprehensive, lifecycle-based energy management system, strengthening collaboration with customers to jointly create a green and desirable living environment. It actively pursues waste recycling, renewable energy promotion and smart city initiatives, driving urban low-carbon transformation through efficient resource utilisation and injection of sustained momentum into green development.

In 2025, Shimao Services successfully elevated its ESG score under the S&P Corporate Sustainability Assessment (CSA) to 30+, upgraded its China Chengxin International (CCXI) ESG rating to Grade A, and maintained its Morgan Stanley Capital International (MSCI) ESG rating at Grade BBB. Shimao Services was also awarded "2025 Best ESG Practices of China's Listed Property Management Enterprises" and "Leading Property Management Company in Low-carbon Operation in China for 2025".

Acknowledgement

In 2025, the global economy faced the impact of tariffs, trade frictions and policy uncertainties. Amidst mounting external pressures and increasing internal challenges, China's economy persevered through innovation and moved forward steadily.

On behalf of the Board, I would like to extend my heartfelt gratitude and deepest respect to our shareholders, business partners, local governments, property owners, customers and the staff of Shimao Services for their immense support. Your understanding and support in joining hands with us are very much appreciated.

The Company remains steadfast to the guiding principles of "responsibility, collaborative breakthrough, and secure the fruitful results". By proactively adapting to shifts in the industry, the Company transforms core strengths into drivers of growth, insisting on pragmatic execution and innovation-driven development. By seizing opportunities amidst challenges and enhancing quality and efficiency through transformation, the Company consistently delivers robust and sustainable value returns for shareholders.

Hui Sai Tan, Jason

Chairman

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

➤ Business Overview

The Group aims to become a leading comprehensive property management services provider in China, providing property owners with high quality property management services and diversified value-added services tailored to the needs of customers. Currently, the Group has four major business segments: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services.

As at 31 December 2025, the Group had businesses presence in 145 cities and provided a wide variety of services for 1,428 projects, covering various types of customers, including residences, public buildings, universities and colleges, industrial parks and hospitals, etc. The GFA under management was 221.2 million sq.m. and the contracted GFA was 334.6 million sq.m..

The following table sets out the number of cities covered by the Group's businesses and the number of projects under management as at 31 December 2025 and 31 December 2024, respectively:

	As at 31 December 2025 number (unit)	2024 number (unit)	Change (%)
Cities covered by projects under management	145	122	18.9%
Projects under management	1,428	1,447	-1.3%

As of 31 December 2025, the Group recorded revenue of RMB7,880.0 million, gross profit of RMB1,400.1 million, and net profit of RMB134.6 million. Profit attributable to equity holders of the Company was RMB103.3 million, and core net profit was RMB572.1 million. Gross profit margin and net profit margin stood at 17.8% and 1.7%, respectively, profit margin attributable to equity holders of the Company was 1.3%, and core net profit margin stood at 7.3%.

The following table sets forth the Group's revenue by business segments for the years ended 31 December 2025 and 31 December 2024, respectively:

	For the year ended 31 December				Change in revenue	Change in percentage
	2025		2024			
	Revenue (RMB million)	Percentage (%)	Revenue (RMB million)	Percentage (%)	(%)	(percentage point)
Property management services	5,816.5	73.8%	5,564.3	70.5%	4.5%	increase by 3.3 percentage points
Community value-added services	1,322.8	16.8%	1,207.7	15.3%	9.5%	increase by 1.5 percentage points
Value-added services to non-property owners	199.1	2.5%	176.0	2.2%	13.1%	increase by 0.3 percentage point
City services	541.6	6.9%	947.5	12.0%	-42.8%	decrease by 5.1 percentage points
Total	7,880.0	100%	7,895.5	100%	-0.2%	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on Business Segments

➤ Property Management Services

- **Representing 73.8% of total revenue and 77.1% of total gross profit**

In 2025, the Group's property management services recorded higher revenue. As of 31 December 2025, the Group's revenue from property management services amounted to RMB5,816.5 million, representing a year-on-year increase of 4.5% as compared to RMB5,564.3 million for the same period of 2024. The increase in revenue was mainly attributable to (1) the Group's proactive market expansion in third-party bidding with increase in GFA under management; and (2) an increase in the GFA under management delivered by Shimao Group Holdings Limited ("Shimao Group Holdings", together with its subsidiaries, collectively, the "Shimao Group"), which directly contributed to the revenue.

As of 31 December 2025, gross profit from property management services of the Group was RMB1,079.1 million, representing a year-on-year decrease of 3.7% as compared to RMB1,120.8 million for the same period of 2024; the gross profit margin was 18.6%, representing a year-on-year decrease of 1.5 percentage points as compared to 20.1% for the same period of 2024. In the future, the Group will (1) focus on the upgrade of its management to continuously enhance the operational capability; (2) enhance frontline efficiency by refining the operation further; and (3) steadily advance the implementation of energy-saving renovation and strengthen energy management across multiple dimensions, thereby facilitating the sound development of property management services via multi-pronged approaches.

- **Increase in management scale**

In 2025, the Group's management scale expanded, with both the GFA under management and the contracted GFA increased as compared to the full year of 2024, while the overall structure of projects under management was further enhanced.

As at 31 December 2025, the Group's GFA under management was 221.2 million sq.m., representing a year-on-year increase of 1.3% as compared to 218.4 million sq.m. for the same period of 2024; the Group's contracted GFA was 334.6 million sq.m., representing a year-on-year increase of 6.5% as compared to 314.3 million sq.m. for the same period of 2024. The increase of GFA under management and contracted GFA was attributable to (1) the fact that the market expansion team of the Group was proactive in making precise layout by revolving around diverse property types including residences, office buildings, and public buildings. It actively pursued market development and strategic partnerships for high-quality property projects, thereby steadily expanding market presence and management scale; and (2) the Shimao Group's steady project delivery, which contributed to the increase in GFA under management.

The following table sets forth the Group's GFA under management and contracted GFA as at 31 December 2025 and 31 December 2024 respectively:

	As at 31 December		Change in area (%)
	2025 Area (sq.m. in million)	2024 Area (sq.m. in million)	
GFA under management	221.2	218.4	1.3%
Contracted GFA	334.6	314.3	6.5%

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the GFA under management from independent third-party developers was 157.4 million sq.m., representing a year-on-year increase of 0.8% as compared to 156.1 million sq.m. for the same period of 2024. The contracted GFA from independent third-party developers was 257.3 million sq.m., representing a year-on-year increase of 8.1% as compared to 238.1 million sq.m. for the same period of 2024. The increase in GFA under management and contracted GFA from independent third-party developers was mainly attributable to the continuous enhancement of the Group's market expansion capabilities, which consistently contributed to the newly-added GFA under management and contracted GFA, fuelling the Group's business development.

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property developer type as at 31 December 2025 and 31 December 2024, respectively:

	As at 31 December				Change in area (%)	Change in percentage (percentage point)
	2025		2024			
	Area (sq.m. in million)	Percentage (%)	Area (sq.m. in million)	Percentage (%)		
GFA under management	221.2	100%	218.4	100%	1.3%	N/A
Among which:						
From Shimao Group and its co-developers	63.8	28.8%	62.3	28.5%	2.4%	increase by 0.3 percentage point
From independent third-party developers	157.4	71.2%	156.1	71.5%	0.8%	decrease by 0.3 percentage point
Contracted GFA	334.6	100%	314.3	100%	6.5%	N/A
Among which:						
From Shimao Group and its co-developers	77.3	23.1%	76.2	24.2%	1.4%	decrease by 1.1 percentage points
From independent third-party developers	257.3	76.9%	238.1	75.8%	8.1%	increase by 1.1 percentage points

As at 31 December 2025, the Group's GFA under management of residential properties was 143.3 million sq.m., representing a year-on-year increase of 2.7% as compared to 139.6 million sq.m. for the same period of 2024. Contracted GFA of residential properties was 203.0 million sq.m., representing a year-on-year increase of 5.2% as compared to 193.0 million sq.m. for the same period of 2024. The primary reasons for the increase were the fact that: (1) the Group always adheres to service quality as its core objective, and actively consolidated its residential business foundation. Through the continuous improvement of service standards, refined service systems, enhanced response efficiency and living experiences, its customer satisfaction and brand loyalty have been increasing, which solidified the foundation for its sound business growth; and (2) with its excellent service capabilities and outstanding market reputation accumulated for years, the Group proactively seized market opportunities, intensified market expansion efforts and effectively expanded its management scale.

As at 31 December 2025, among the Group's GFA under management, 85.4% of the property projects were located in first-tier, new first-tier and second-tier cities in China. With its high-quality project portfolio and increasing management scale, the Group not only achieved the sustainable growth in revenue from property management services, but also built a foundation for the development and expansion of a wide range of diversified value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's GFA under management and contracted GFA which were categorised by property type as at 31 December 2025 and 31 December 2024, respectively:

	As at 31 December				Change in area (%)	Change in percentage (percentage point)
	2025		2024			
	Area (sq.m. in million)	Percentage (%)	Area (sq.m. in million)	Percentage (%)		
GFA under management	221.2	100%	218.4	100%	1.3%	N/A
Among which:						
Residential properties	143.3	64.8%	139.6	63.9%	2.7%	increase by 0.9 percentage point
Non-residential properties	77.9	35.2%	78.8	36.1%	-1.1%	decrease by 0.9 percentage point
Contracted GFA	334.6	100%	314.3	100%	6.5%	N/A
Among which:						
Residential properties	203.0	60.7%	193.0	61.4%	5.2%	decrease by 0.7 percentage point
Non-residential properties	131.6	39.3%	121.3	38.6%	8.5%	increase by 0.7 percentage point

As of 31 December 2025, the Group's terminated GFA under management amounted to 30.9 million sq.m., representing a year-on-year decrease of 49.3% as compared to 60.9 million sq.m. for the same period of 2024, and the Group's terminated contracted GFA amounted to 37.2 million sq.m., representing a year-on-year decrease of 40.2% as compared to 62.2 million sq.m. for the same period of 2024. The change was mainly attributable to the fact that the Group (1) proactively pursued the brand revitalization initiative, launching the new "Heart Gravity Live+" enhancement campaign. By continuously improving the service quality and enhancing customer satisfaction, we increased the overall retention rate of projects under management; and (2) focused on operational efficiency improvement, reviewed and analysed all projects under management on a systematic basis. Combining industry benchmarking research and comprehensive project evaluation, it precisely optimised the adjustment strategies based on the development potential and operational contribution of each project, thereby fully boosting the vitality of project operations and development.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's terminated GFA under management and terminated contracted GFA which were categorised by property type for the years ended 31 December 2025 and 31 December 2024, respectively:

	For the year ended 31 December				Change in area (%)	Change in percentage (percentage point)
	2025		2024			
	Area (sq.m. in million)	Percentage (%)	Area (sq.m. in million)	Percentage (%)		
Terminated GFA under management	30.9	100%	60.9	100%	-49.3%	N/A
Among which:						
Residential properties	8.6	27.8%	15.4	25.3%	-44.2%	increase by 2.5 percentage points
Non-residential properties	22.3	72.2%	45.5	74.7%	-51.0%	decrease by 2.5 percentage points
Terminated contracted GFA	37.2	100%	62.2	100%	-40.2%	N/A
Among which:						
Residential properties	10.6	28.5%	15.8	25.4%	-32.9%	increase by 3.1 percentage points
Non-residential properties	26.6	71.5%	46.4	74.6%	-42.7%	decrease by 3.1 percentage points

- **High quality projects from third-party bidding expansion**

As of 31 December 2025, the Group's newly-added annualised contract amount from third-party bidding expansion for property management services, sales offices services, catering services, city services, and other business segments totalled RMB1,973.9 million, representing a year-on-year increase of 33.1% as compared to RMB1,482.7 million for the same period of 2024. The primary drivers of expansion growth were the fact that (1) the Group closely aligned with the industry trend and its core competence, formulated and implemented effective market expansion strategies which involved defining expansion directions, key regions and business layout, while adhering to market-oriented, brand-driven and large-scale development principles; and (2) the market expansion team efficiently implemented the Group's development strategy, proactively seized market opportunities, actively pursued high-quality projects, and continuously enhanced market development capabilities and project acquisition efficiency, achieving significant results in market expansion through effective execution.

The newly-added GFA under management was 30.5 million sq.m., representing a year-on-year increase of 41.9% as compared to 21.5 million sq.m. for the same period of 2024; the newly-added contracted GFA was 54.8 million sq.m., representing a year-on-year increase of 27.1% as compared to 43.1 million sq.m. for the same period of 2024. Among which, the contracted GFA of the newly-added non-residential properties from third-party bidding expansion was 35.6 million sq.m., representing a year-on-year increase of 44.7% as compared to 24.6 million sq.m. for the same period of 2024, accounting for 65.0%, representing a year-on-year increase of 7.9 percentage points as compared to 57.1% for the same period of 2024. The increase in expansion area was mainly attributable to (1) the Group's proactive efforts on expanding its diversified customer base and relentlessly intensifying development in various high-quality property projects. Through a multi-type, multi-field and multi-channel business strategy, it effectively expanded its management scale and drove steady growth in expansion area; and (2) the fact that the professional competence and overall competitiveness of the Group's market expansion team continued to strengthen. In particular, its competitive edge was notable in the non-residential property sector, which led to a rapid rise in both the number and scale of successful bids of new non-residential property projects and became the key driver behind the increase in expansion area.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's newly-added annualised contract amount from third-party bidding expansion of various businesses which were categorised by property type for the years ended 31 December 2025 and 31 December 2024, respectively:

	For the year ended 31 December 2025		2024		Change in amount (%)	Change in percentage (percentage point)
	Contract amount (RMB in million)	Percentage (%)	Contract amount (RMB in million)	Percentage (%)		
Newly-added annualised contract amount	1,973.9	100%	1,482.7	100%	33.1%	N/A
Among which:						
Residential properties	477.0	24.2%	425.5	28.7%	12.1%	decrease by 4.5 percentage points
Non-residential properties	1,097.8	55.6%	733.0	49.4%	49.8%	increase by 6.2 percentage points
Others	399.1	20.2%	324.2	21.9%	23.1%	decrease by 1.7 percentage points

The following table sets forth the Group's newly-added GFA under management and newly-added contracted GFA from third-party bidding expansion which were categorised by property type for the years ended 31 December 2025 and 31 December 2024, respectively:

	For the year ended 31 December 2025		2024		Change in area (%)	Change in percentage (percentage point)
	Area (sq.m. in million)	Percentage (%)	Area (sq.m. in million)	Percentage (%)		
Newly-added GFA under management	30.5	100%	21.5	100%	41.9%	N/A
Among which:						
Residential properties	10.3	33.8%	6.0	27.9%	71.7%	increase by 5.9 percentage points
Non-residential properties	20.2	66.2%	15.5	72.1%	30.3%	decrease by 5.9 percentage points
Newly-added contracted GFA	54.8	100%	43.1	100%	27.1%	N/A
Among which:						
Residential properties	19.2	35.0%	18.5	42.9%	3.8%	decrease by 7.9 percentage points
Non-residential properties	35.6	65.0%	24.6	57.1%	44.7%	increase by 7.9 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

➤ Community Value-Added Services

- **Representing 16.8% of total revenue and 16.1% of total gross profit**

As of 31 December 2025, the Group's revenue from community value-added services amounted to RMB1,322.8 million, representing a year-on-year increase of 9.5% as compared to RMB1,207.7 million for the same period of 2024; gross profit was RMB225.7 million, representing a year-on-year decrease of 20.6% as compared to RMB284.3 million for the same period of 2024; and gross profit margin was 17.1%, representing a year-on-year decrease of 6.4 percentage points as compared to 23.5% for the same period of 2024.

The increase in revenue was mainly attributable to the fact that the Group (1) optimised and adjusted its overall development strategy for the community value-added services, developed a brand new retail business, comprehensively iterated community asset management business and fully upgraded carpark agency business; (2) focused on essential daily lives of residents and created a convenient and efficient "15-minute living circle"; and (3) provided customers with more caring and more attentive services, which comprehensively enhanced the operational capability and expanded the revenue growth while meeting property owners' needs.

In the future, the Group will (1) continue to focus on the comprehensive upgrade of its operational capabilities and deepen its presence in the community value-added services sector with strategic focus; (2) continuously enhance and strengthen the operational management capabilities of various community value-added services through systematic development, professional empowerment and standardised management, thereby solidifying the foundation for business growth; and (3) focus on improving quality and efficiency as its core objective by optimising business processes, strengthening cost control, and enhancing service quality and customer satisfaction, so as to effectively improve the overall operational performance of its community value-added services and promote high-quality, robust and sustainable development.

The following table sets forth the Group's revenue from community value-added services by category for the years ended 31 December 2025 and 31 December 2024, respectively:

	For the years ended 31 December				Change in revenue (%)	Change in percentage (percentage point)
	2025		2024			
	Revenue (RMB million)	Percentage (%)	Revenue (RMB million)	Percentage (%)		
Community asset management services	272.4	20.6%	243.1	20.1%	12.1%	increase by 0.5 percentage point
Smart scenario solutions	8.4	0.6%	81.9	6.8%	-89.7%	decrease by 6.2 percentage points
Carpark asset operation services	402.4	30.4%	264.6	21.9%	52.1%	increase by 8.5 percentage points
Home decoration services	13.5	1.0%	57.9	4.8%	-76.7%	decrease by 3.8 percentage points
New retail services	97.2	7.4%	11.8	1.0%	723.7%	increase by 6.4 percentage points
Campus value-added services	313.2	23.7%	361.1	29.9%	-13.3%	decrease by 6.2 percentage points
Elderly care services	215.7	16.3%	187.3	15.5%	15.2%	increase by 0.8 percentage point
Total of community value-added services	1,322.8	100%	1,207.7	100%	9.5%	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

- **Community asset management services**

In 2025, revenue from community asset management services was RMB272.4 million, representing a year-on-year increase of 12.1% as compared to RMB243.1 million for the same period of 2024. The increase in revenue was primarily benefitted from (1) the Group's ongoing enhancement of its community asset management system, which comprehensively improved the overall operational efficiency of community assets, while continuously strengthening the operational management capabilities and market execution of its frontline teams, thereby consolidating the foundation for business development; (2) the deep exploration of existing high-quality resources and the proactive revitalisation of existing assets, further increasing their comprehensive returns through refined operations and value enhancement; and (3) the vigorous expansion of neighbourhood leasing and sale-related businesses, which consistently broadened both service coverage and scale, thereby driving simultaneous and steady growth in business scale and operating income.

- **Smart scenario solutions**

In 2025, revenue from smart scenario solutions was RMB8.4 million, representing a year-on-year decrease of 89.7% as compared to RMB81.9 million for the same period of 2024. The decrease in revenue was mainly due to (1) the changes in domestic economic conditions; and (2) the fact that customers became more prudent in spending.

- **Carpark asset operation services**

In 2025, revenue from carpark asset operation services was RMB402.4 million, representing a year-on-year increase of 52.1% as compared to RMB264.6 million for the same period of 2024. The increase in revenue was mainly due to (1) the Group's continuous focus on extending its presence in the carpark operation services sector, with comprehensive enhancements of both the professional capabilities and market expansion competence of its carpark sales agency business; and (2) the effective expansion of the carpark sales agency business through optimised business processes, improved service quality, and precise alignment with customer needs, thereby driving steady business growth and revenue increase in carpark sales agency business.

- **Home decoration services**

In 2025, revenue from home decoration services was RMB13.5 million, representing a year-on-year decrease of 76.7% as compared to RMB57.9 million for the same period of 2024. The decrease in revenue was mainly due to (1) the ongoing profound adjustment of the domestic real estate industry; and (2) the fact that the property owners became more prudent in spending, resulting in a contraction in home decoration business scale.

- **New retail services**

In 2025, revenue from new retail services was RMB97.2 million, representing a year-on-year increase of 723.7% as compared to RMB11.8 million for the same period of 2024. The rapid increase in revenue was mainly due to the fact that (1) the Group innovatively developed a new retail business by deepening its presence in essential daily life scenarios of property owners and precisely matching the high-frequency consumption needs of the community residents; and (2) the Group's new retail team possessed professional and efficient capabilities of product selection and operation, with its products well received by the property owners, hence increasing customer repurchase rates and driving revenue growth.

- **Campus value-added services**

In 2025, revenue from campus value-added services was RMB313.2 million, representing a year-on-year decrease of 13.3% as compared to RMB361.1 million for the same period of 2024. The decrease in revenue was mainly due to the pressure on domestic economic development, and as a result, some public institutions downsized their service demand, which affected revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Elderly care services**

In 2025, revenue from elderly care services was RMB215.7 million, representing a year-on-year increase of 15.2% as compared to RMB187.3 million for the same period of 2024. The increase in revenue was mainly due to the fact that (1) Shanghai Chunqiji Elderly Care Services Co., Ltd. (上海椿祺集養老服務有限公司) (“Healthtop”) actively deepened its cooperation with Shimao Services, fully leveraging the resources and platform advantages of both parties to jointly explore market opportunities and continuously identify new growth drivers; (2) Healthtop and Shimao Services shared customer resources and established an efficient and synergistic business operation model; and (3) the Group further enhanced its service quality and professional standards, which improved the customer experience and market recognition, thereby driving revenue growth.

➤ **Value-Added Services to Non-Property Owners**

- **Representing 2.5% of total revenue and 2.1% of total gross profit**

As of 31 December 2025, the Group’s revenue from value-added services to non-property owners amounted to RMB199.1 million, representing a year-on-year increase of 13.1% as compared to RMB176.0 million for the same period of 2024. The increase in revenue was mainly due to the intensified expansion of the sales offices services business carried out by the Group’s market expansion team, with the value of new contracts reaching a historic high, effectively driving revenue growth.

➤ **City Services**

- **Representing 6.9% of total revenue and 4.7% of total gross profit**

As of 31 December 2025, the Group’s revenue from city services amounted to RMB541.6 million, representing a year-on-year decrease of 42.8% as compared to RMB947.5 million for the same period of 2024. The decrease in revenue was mainly due to the decrease in consolidated revenue following the Group’s disposal of the 60% of the equity interests in Wuxi Jinshatian Technology Co., Ltd. (“Jinshatian”) in September 2024. For details of the disposal of Jinshatian, please refer to the announcements of the Company dated 24 September 2024 and 8 November 2024.

Excluding the impact of the disposal of Jinshatian, revenue from city services increased by 137.2% as compared to the same period last year. The increase in revenue was due to the fact that the Group (1) intensified market development efforts in the city services business through its market expansion team. It actively cultivated key regions and high-quality projects, taking the newly-added contract amount to a historic high; and (2) leveraged the pipeline of high-quality projects and business scale expansion, effectively driving steady growth in total revenue.

Share Award Scheme

A Share Award Scheme of the Company (the “Share Award Scheme”) was adopted by the board of directors of the Company (the “Board”) on 28 June 2021 (the “Adoption Date”). The purpose of the Share Award Scheme is to recognise the contributions by certain selected employees of the Group and to provide them with incentives so as to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing from the Adoption Date. The maximum number of shares which can be awarded under the Share Award Scheme is 3% of the total number of issued shares of the Company as at the Adoption Date (i.e. 70,919,190 shares). During the twelve months ended 31 December 2025, no award share was granted by the Company under the Share Award Scheme. Further details of the Share Award Scheme are set out on pages 32 to 33 of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Compensation Policy

As at 31 December 2025, the Group had a total of 36,227 employees, representing a year-on-year increase of 1.7% as compared to 35,633 employees for the same period of 2024. Total staff costs amounted to RMB2,989.5 million, representing a year-on-year decrease of 12.3% as compared to RMB3,408.3 million for the same period of 2024. The decrease in staff costs was mainly due to the fact that the Group (1) completed the disposal of related subsidiaries such as Jinshatian, which optimised the overall business structure and personnel deployment of the Group; (2) rationalised the resource allocation structure through strict control over headcount, strengthening internal human resources coordination and efficient deployment, and active promotion of one person for multiple roles across different positions and scenarios; (3) flexibly adopted the optimal market-oriented employment model conducive to service assurance based on business characteristics, so as to optimise the labour cost structure and achieve efficient allocation of human resources; and (4) continuously focused on the enhancement of operational and management capabilities, deeply explored the potential for cost reductions and efficiency enhancement within the Group, and constantly optimised operational processes to significantly enhance the efficiency of internal operations.

The salary paid to the employees by the Group was determined according to their duties, market levels as well as performance and contribution, and bonuses were also paid to employees based on their work performance. In addition, the Group offered its employees a variety of training and personal development schemes together with employee benefits, including pension fund, medical insurance and provident fund, etc.

Proceeds from the Listing

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020. Excluding underwriting fees and related expenses, the net proceeds from the listing amounted to HK\$5,917.4 million (equivalent to approximately RMB5,126 million). Details of the actual or intended use of proceeds from the listing are as follows:

Intended use of net proceeds	Proceeds available for utilisation (RMB million)	Allocation percentage %	Utilised amount as of 31 December 2025 (RMB million)	Unutilised amount as of 31 December 2025 (RMB million)	Expected timeline for utilising the remaining unutilised amount Expected timeline
(1) To continue to expand business scale through multiple channels	3,332	65%	3,332	-	2026
(2) To diversify people-oriented and property-oriented value-added service offerings	769	15%	303	466	2026
(3) To improve the information technology system and smart technologies	256	5%	256	-	2026
(4) To attract and nurture talent	256	5%	74	182	2026
(5) For working capital and other general corporate purposes	513	10%	213	300	2026
Total	5,126	100%	4,178	948	

The unutilised net proceeds will be allocated and used in accordance with the purposes and proportions set out in the prospectus of the Company dated 20 October 2020. The Group will continue to explore high-quality acquisition and investment opportunities, and the management will also continue to take both prudent and proactive approach into consideration for rational and efficient use of the proceeds, with a view to promoting the healthy development of business and safeguarding the long-term benefit of shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Equity Fund Raising Activities and Use of Proceeds***Placing of Existing Shares and Top-up Subscription of New Shares under the General Mandate (the “Top-Up Placing”)***

On 19 October 2021, the Company entered into a placing and subscription agreement (the “2021 Placing and Subscription Agreement”) with Morgan Stanley & Co. International plc (the “Placing Agent”), Shimao Group Holdings and the vendor, Best Cosmos Limited (“Best Cosmos”), pursuant to which the Placing Agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 115,000,000 existing ordinary shares of the Company at the placing price of HK\$15.18 per share, and Best Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to Best Cosmos new ordinary shares, which were the same number as the placing shares that have been placed by the Placing Agent, at the placing price. The subscription shares have a nominal value of HK\$1.15 million and a market value of HK\$1,934.3 million, based on the closing price of HK\$16.82 per share as quoted on the Stock Exchange on the last full trading day immediately before the time at which the 2021 Placing and Subscription Agreement was signed. The net price per subscription share is HK\$15.09. The completion of placing of existing shares took place on 22 October 2021, and the Company allotted and issued 115,000,000 ordinary shares to Best Cosmos on 2 November 2021 under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2021 annual general meeting of the Company (the “General Mandate”).

The net proceeds received by the Company after deducting related fees and expenses were approximately HK\$1,735 million. The Company intends to apply such net proceeds for potential mergers and acquisitions (“M&A”), business expansion, general working capital and general corporate uses. The Directors consider that the placing and subscription represent an opportunity to raise capital for the Company while broadening its shareholders and capital base, and it would strengthen the financial position of the Group and provide working capital to the Group. For further details, please refer to the announcements of the Company dated 20 October 2021 and 2 November 2021.

Details of the intended and actual use of the aggregate net proceeds of approximately HK\$1,735 million (equivalent to approximately RMB1,426 million) from the above equity fund raising activities are as follows:

Intended use of net proceeds	Net proceeds from Top-Up Placing available for utilisation (RMB million)	Allocation percentage %	Utilised net proceeds as of 31 December 2025 (RMB million)	Unutilised net proceeds as of 31 December 2025 (RMB million)	Expected timeline for utilising the remaining unutilised net proceeds
(1) Potential M&A	1,140	80%	1,140	–	2026
(2) Business expansion	143	10%	–	143	2026
(3) General working capital and general corporate uses	143	10%	143	–	2026
Total	1,426	100%	1,283	143	

The unutilised net proceeds will be allocated and used in accordance with the purposes and proportions set out in the announcements of the Company dated 20 October 2021 and 2 November 2021. The management will adhere to a prudent and proactive philosophy to ensure reasonable capital deployment, thereby safeguarding steady business growth and fostering shareholders’ value in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

Events during the Year***Acquisition of the Remaining Equity Interests in a Subsidiary***

On 3 January 2025, Shimao Tiancheng Property Services Group Co., Ltd. and Shanghai Xumaorui Enterprise Management Co., Ltd. (“Shanghai Xumaorui”, as the purchaser), both indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement and a settlement agreement with Shenzhen Jiaxiong Investment Development Co., Ltd. (the “Vendor”) and original shareholders, under which the Vendor agreed to sell and Shanghai Xumaorui agreed to purchase 33% of the equity interests in Shenzhen Shi Lu Yuan Environmental Co., Ltd. (the “Target Company”) at the consideration of RMB83,159,000. The consideration was utilised to partially settle the net contingent consideration receivables amounted to RMB138,703,000 (the “Acquisition”). For further details, please refer to the announcement of the Company dated 3 January 2025.

The Target Company is principally engaged in the provision of urban and rural environmental sanitation integrated services in the People’s Republic of China (the “PRC”). Prior to the completion of the Acquisition, it was a 67% held non-wholly owned subsidiary of the Group. During the reporting period, the Acquisition and the settlement were completed in January 2025, and the Target Company is now an indirect wholly-owned subsidiary of the Company.

Formation of the Partnership – Nanjing Maoxing Project Management Partnership (Limited Partnership) (南京茂星項目管理合夥企業(有限合夥)) (“Nanjing Maoxing”)

On 19 June 2025, Shanghai Shimao Tianjing Property Services Co., Ltd. (上海世茂天境物業服務有限公司) (“Shanghai Shimao Tianjing”) (as a limited partner), an indirect wholly-owned subsidiary of the Company, entered into a partnership agreement with Wuxi Xinghe Investment Consultation Partnership (Limited Partnership) (無錫星河投資諮詢合夥企業(有限合夥)) (“Wuxi Xinghe”) (as the general partner) under which the two parties agreed to establish the partnership to invest and operate a cold chain logistics project in the Huludao area, Liaoning Province in the PRC.

Pursuant to the terms of the partnership agreement, the total capital contribution amount to be paid by all partners of the partnership shall be RMB240,000,000, of which RMB237,600,000 shall be contributed by Shanghai Shimao Tianjing and RMB2,400,000 shall be contributed by Wuxi Xinghe. For further details, please refer to the announcement of the Company dated 19 June 2025. In July 2025, Shanghai Shimao Tianjing and Wuxi Xinghe jointly completed capital contribution and established the partnership, namely, Nanjing Maoxing.

Continuing Connected Transactions – Entering into Multiple New Services Master Agreements with Shimao Group Holdings

Considering the several services master agreements entered into between the Company and Shimao Group Holdings on 6 December 2022 were due to expire on 31 December 2025, and in light of the continuation of business operations between the Company and Shimao Group Holdings, on 5 November 2025, the Company and Shimao Group Holdings entered into the new (1) leasing master agreement; (2) carpark sales agency services master agreement; (3) sales office operation master agreement; (4) IoT services master agreement; (5) engineering services master agreement; (6) property management services master agreement; and (7) value-added services to non-property owners master agreement (collectively, the “2025 CCT Master Agreements”) for a term commencing from 1 January 2026 to 31 December 2028. For details of the above continuing connected transactions and the respective annual caps under each of the 2025 CCT Master Agreements, please refer to the announcement of the Company dated 5 November 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Formation of the Partnership – Liaoning Province Qisheng Project Management Consultancy Partnership (Limited Partnership) (遼寧省琪晟項目管理諮詢合夥企業 (有限合夥)) (“Liaoning Qisheng”)

On 22 December 2025, Shanghai Shimao Tianjing Property Services Co., Ltd. (“Shanghai Shimao Tianjing”) (as a limited partner), an indirect wholly-owned subsidiary of the Company, entered into a partnership agreement with Huludao Yongsheng Project Management Consultancy Company Limited (葫蘆島永晟項目管理諮詢有限責任公司) (“Huludao Yongsheng”) (as the general partner) under which the two parties agreed to establish the partnership to invest and operate a sewage treatment project in Xingcheng City, Huludao, Liaoning Province in the PRC.

Pursuant to the terms of the partnership agreement, the total capital contribution amount to be paid by all partners of the partnership shall be RMB283,000,000, of which RMB280,170,000 shall be contributed by Shanghai Shimao Tianjing and RMB2,830,000 shall be contributed by Huludao Yongsheng. Shanghai Shimao Tianjing and Huludao Yongsheng jointly established the partnership, namely, Liaoning Qisheng in December 2025. For further details, please refer to the announcements of the Company dated 22 December 2025 and 5 February 2026.

Acquisitions and Future Outlook***Acquisitions***

When making acquisitions, the Group focuses on the alignment between the target company and the Group’s development strategy, while it also takes into account the development needs, including scale growth, the deployment of new business lines and the new building capabilities. For potential acquisition targets, the Group will comprehensively assess the following core factors: (1) being within the Group’s existing management radius; (2) being a leading company in the region or sub-sector; (3) not touching red-line issues, such as safety issues, etc.; (4) being able to accept the Group’s integration requirements; and (5) having a customer base that is from local middle-income and high-income classes. Through rigorous screening based on the above criteria, the Group can ensure the effective management and empowerment of the target company after the completion of the M&A, thereby achieving long-term and sound development.

In 2025, the real estate industry was still undergoing adjustment and the market was relatively sluggish. Looking ahead, the Group will continue to remain prudent and actively seek out suitable acquisition opportunities in the market. In view of the prevailing industry situation, the Group will further strengthen its pre-acquisition due diligence by comprehensively assessing a target company’s overall performance in market position, business model, financial conditions and service quality, with particular attention to their risk resilience and long-term development potential in a complex market environment. At the same time, the Group will fully leverage its own strategic layout and integration capabilities, so as to ensure the acquisitions not only can facilitate the expansion of its scale, but also deeply integrate into the Group’s existing business structure, thereby realising synergistic value and continuously enhancing its overall competitiveness within the industry.

Future Outlook

As AI and big data technology are expeditiously applied, the property management services sector is undergoing profound transformation. Algorithm-driven process automation, intelligent equipment inspections, and the automatic routing of orders are effectively reducing operational costs and improving service efficiency. Through analysis and application of big data, service provision is shifting from a standardized model towards a personalised and precise one, which significantly increases customer satisfaction and the sense of belonging amongst users. The sector is accelerating its transition from labour-intensive to technology-intensive, taking major leaps in service quality while optimising the labour cost structure, thereby building up new core competition barriers.

While actively embracing technological transformation, Shimao Services has incorporated “return to the essence of service” into its core strategy. By refining its service quality through a multi-dimensional approach and leveraging its brand reputation to drive stable growth in scale, the Company is well-positioned to capitalise on its natural advantages in proximity to communities and offices, and rapidly rolls out emerging value-added services, such as elderly care services in communities and pet care. Through such strategy, property management services are upgrading from the traditional model towards a diversified revenue model, ushering in a new phase of high-quality and sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year, the Group realised:

Revenue

Revenue was RMB7,880.0 million, which remained stable as compared to RMB7,895.5 million for the same period of 2024. The Group generated revenue from four business segments: (1) property management services; (2) community value-added services; (3) value-added services to non-property owners; and (4) city services. During the year, (1) property management services remained the largest contributor of revenue and profit to the Group, with revenue amounted to RMB5,816.5 million, accounting for 73.8% of the total revenue and representing a year-on-year increase of 4.5% as compared to RMB5,564.3 million for the same period of 2024; (2) revenue from community value-added services amounted to RMB1,322.8 million, accounting for 16.8% of the total revenue and representing a year-on-year increase of 9.5% as compared to RMB1,207.7 million for the same period of 2024; (3) revenue from value-added services to non-property owners amounted to RMB199.1 million, accounting for 2.5% of the total revenue and representing a year-on-year increase of 13.1% as compared to RMB176.0 million for the same period of 2024; and (4) revenue from city services amounted to RMB541.6 million, accounting for 6.9% of the total revenue and representing a year-on-year decrease of 42.8% as compared to RMB947.5 million for the same period of 2024.

Cost of Sales and Services

Cost of sales and services of the Group primarily included staff costs, subcontracting costs, utilities and facility operating costs, cost of smart scenario solutions and others. During the year, cost of sales and services was RMB6,479.9 million, representing a year-on-year increase of 2.3% as compared to RMB6,331.3 million for the same period of 2024. The increase in costs was mainly attributable to (1) a year-on-year increase in revenue from selling carpark spaces during the reporting period, with a corresponding increase in the cost of selling carpark spaces; (2) increased investment in cleaning and greening for service quality improvement; and (3) investment in the maintenance and renewal costs of project facilities and equipment.

Gross Profit and Gross Profit Margin

Gross profit amounted to RMB1,400.1 million, representing a year-on-year decrease of 10.5% as compared to RMB1,564.3 million in 2024. Gross profit margin was 17.8%, representing a year-on-year decrease of 2 percentage points as compared to 19.8% for the same period of 2024. Gross profit margins for the Group's four business segments were: 18.6% for property management services, 17.1% for community value-added services, 14.6% for value-added services to non-property owners and 12.2% for city services, respectively. Gross profit margins for those segments were 20.1%, 23.5%, 17.1% and 13.6% in 2024, respectively.

Gross profit margin for property management services was 18.6%, representing a year-on-year decrease of 1.5 percentage points as compared to 20.1% in 2024. It was mainly due to (1) increased investment in cleaning and greening for service quality improvement; (2) investment in the maintenance and renewal costs of project facilities and equipment; and (3) lower service unit price for newly developed projects under market influences.

Gross profit margin for community value-added services was 17.1%, representing a decrease of 6.4 percentage points as compared to 23.5% in 2024. It was mainly due to the impact of changes in the real estate industry and the economic conditions, which led to a decline in gross profit for the segment businesses, such as the carpark asset operation services and the community asset management services.

Gross profit margin for value-added services to non-property owners was 14.6%, representing a decrease of 2.5 percentage points as compared to 17.1% in 2024. It was mainly due to the reduction in the unit price of purchases by customers amid the prolonged downturn in the real estate industry, as well as the increase in labour and other costs, weighing on revenue and profit margin.

Gross profit margin for city services was 12.2%, representing a decrease of 1.4 percentage points as compared to 13.6% in 2024. It was mainly due to (1) lower unit price of purchases resulting from the reduction of relevant government budgets; and (2) increase in the costs of energy, labour, raw materials and consumables.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Marketing Expenses

Selling and marketing expenses were RMB109.5 million, representing a year-on-year decrease of 5.8% as compared to RMB116.3 million in 2024, and accounting for 1.4% of the total revenue, which remained stable as compared to 1.5% in 2024.

Administrative Expenses

Administrative expenses for the year were RMB699.3 million, representing a year-on-year decrease of 15.5% as compared to RMB827.5 million in 2024, and accounting for 8.9% of the total revenue, representing a decrease of 1.6 percentage points as compared to 10.5% in 2024, which was mainly due to (1) the improvement in efficiency of the management of the Group's organisational structure, resulting in lower labour costs; (2) a decrease in amortisation of customer relationships arising from the valuation of the appreciation as a result of the disposal of acquired subsidiaries by the Group; and (3) effective control of all management expenditures through measures such as cost management and budget constraints.

Impairment Losses on Financial Assets – Net

During the year, the Group's impairment losses on financial assets – net was RMB399.6 million, representing an increase of RMB256.7 million as compared to RMB142.9 million in 2024. This was primarily due to fluctuations in the collection rate of management fees for some projects, which lengthened the ageing structure of accounts receivable and led to a corresponding increase in bad debt losses on accounts receivable accrued according to the expected credit loss model.

Impairment Losses on Intangible Assets

During the year, the Group's impairment losses on goodwill – net was RMB65.0 million, representing an increase of RMB19.4 million as compared to RMB45.6 million in 2024. Considering the impact of the market and economic environment, the Group, based on prudence principle, still provided for certain impairment on goodwill of the acquired companies with lower-than-expected operating performance.

Operating Profit/(Loss)

During the year, operating profit was RMB161.5 million, representing a dramatic increase as compared to operating loss of RMB157.7 million in 2024. It was mainly due to (1) the absence of loss on disposal of a significant subsidiary during the reporting period; and (2) reduced sales and administrative expenses with enhanced operational and management efficiency.

Finance Income – Net

During the year, finance income – net was RMB21.9 million, representing a dramatic increase as compared to finance income – net of RMB0.6 million in 2024. It was mainly due to a decrease in borrowings during the reporting period, resulting in less finance costs.

Profit/(Loss) before Income Tax

During the year, profit before income tax amounted to RMB185.2 million, representing a dramatic increase as compared to loss before income tax of RMB147.7 million in 2024. It was mainly due to (1) the absence of any loss on disposal of a significant subsidiary by the Group during the reporting period; and (2) the improvement in efficiency of the management of the Group's organisational structure, resulting in lower labour costs and management expenses.

Income Tax Expense

During the year, income tax expense amounted to RMB50.6 million, which represented a dramatic decrease as compared to income tax expense of RMB75.2 million for 2024. It was primarily due to (1) a decline in pre-tax profit caused by the decline in operating profits of some acquired subsidiaries such as Zheda Sinew and Hunan Jili during the reporting period; and (2) the reversal of deferred income tax liabilities arising from performance-based compensation payments settled by acquired subsidiaries during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Tibet Shimao Tian Cheng Property (formerly Hailiang Property), headquartered in Tibet, enjoyed tax benefits; while Chengdu Xinyi, Xi'an Fangrui and the newly established "second headquarters" enjoyed the preferential tax policy for "Western Region Development".

Pursuant to the rules and regulations of the Cayman Islands, the Group is not required to pay income tax of the Cayman Islands.

The income tax rate applicable to the Group's entities incorporated in Hong Kong was 16.5% on the income subject to Hong Kong profits tax for the year. No provision was made for Hong Kong profits tax over the 12 months from 1 January 2025 to 31 December 2025, as the Group did not derive any income subject to Hong Kong profits tax.

Unless otherwise specified, the Group's subsidiaries in China shall pay PRC corporate income tax at a rate of 25%.

Profit/(Loss) for the Year

Profit for the year amounted to RMB134.6 million, representing a dramatic increase as compared with loss of RMB223.0 million in 2024. Profit attributable to equity holders of the Company was RMB103.3 million, while loss attributable to equity holders of the Company was RMB272.4 million for the same period of 2024.

Core Net Profit (Non-HKFRS Measure)

To supplement the consolidated financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), the Company has also adopted core net profit (a non-HKFRS measure) as an additional financial measure, which is not required or presented under HKFRS, and believed that by excluding the potential impact of certain items irrelevant to the Company's daily business operations and management, the presentation of core net profit (a non-HKFRS measure) provides investors and management with useful information regarding the consolidated results of the Group's core business for each period. Core net profit (a non-HKFRS measure) is defined as net profit attributable to equity holders of the Company, adjusted by deducting the provisions for bad debts attributable to the parent, share-based compensation income, amortisation of intangible assets – customer relationships, loss on disposal of subsidiaries, impairment losses on goodwill and customer relationships, inventory impairment, amortisation of unrecognised financing charges from discount on acquisition consideration, performance-based compensation income and the impact of related deferred tax.

During the period, core net profit attributable to equity holders of the Company (a non-HKFRS measure, adjusted by deducting (i) the provisions for bad debts attributable to the parent of RMB378.0 million; (ii) share-based compensation income of RMB0.3 million; (iii) amortisation of intangible assets from M&A – customer relationships of RMB100.6 million; (iv) loss on disposal of subsidiaries of RMB0.3 million; (v) impairment losses on goodwill and customer relationships of RMB65.0 million; (vi) inventory impairment of RMB1.2 million; (vii) amortisation of unrecognised financing charges from discount on acquisition consideration of RMB13.3 million; (viii) performance-based compensation income of RMB28.6 million; and (ix) the impact of related deferred tax of RMB108.3 million) was RMB524.3 million, representing a year-on-year increase of 6.5% as compared to RMB492.4 million for the year of 2024.

Investment Properties, Property, Plant and Equipment

As at 31 December 2025, net book value of investment properties, property, plant and equipment amounted to RMB487.6 million, representing a year-on-year increase of 37.0% as compared to RMB355.9 million as at 31 December 2024, which was mainly due to the investment in new intelligent equipment for projects during the period to enhance the quality of the projects and property owners' satisfaction.

MANAGEMENT DISCUSSION AND ANALYSIS

Intangible Assets

As at 31 December 2025, the carrying amount of the Group's intangible assets was RMB2,153.9 million, representing an increase of 2.5% as compared to RMB2,101.2 million as at 31 December 2024. The Group's intangible assets primarily included (1) goodwill of RMB1,242.8 million recognised for the acquired companies; (2) customer relationships of RMB370.0 million recognised for the acquired companies; and (3) software developed and procured by the Group of RMB541.1 million. Customer relationships and software have definite useful lives and are accounted for at cost less accumulated amortisation.

As at 31 December 2025, the Group's goodwill amounted to RMB1,242.8 million, representing a decrease of 5.0% as compared to RMB1,307.8 million as at 31 December 2024. The Group's goodwill was mainly derived from the expected future development of the acquired companies, the improvement of market coverage, the expansion of service portfolio, the development of value-added services and the enhancement of management efficiency.

As at 31 December 2025, the Group's management made a provision of impairment losses on goodwill amounting to RMB65.0 million for companies, including Zheda Sineu, Suzhou Tianxiang, Tianjin Rongwei and Hunan Jili.

Trade Receivables

As at 31 December 2025, trade receivables amounted to RMB3,911.8 million, representing an increase of 15.8% as compared to RMB3,378.3 million in 2024, mainly due to the slowdown in the collection of payment from customers amid the macroeconomic environment, resulting in an increase in the balance of receivables at the end of the period. As at the date of this annual report, subsequent recovery of receivables accounted for approximately 11.4% of the closing balance.

In respect of long aged trade receivables, the management of the Company has formulated specific plans for recovery based on the residential and non-residential businesses respectively.

The Group's recovery for the residential business was made mainly through the following measures: (1) classifying clients according to payment habits and implementing targeted recovery strategies; (2) implementing categorised management based on project collection rates, including (i) for premium projects with high collection rate, it allocated greater resources and assigned clear responsibilities to individuals with full support; (ii) for projects with relatively high vacancy rates, it proactively offered tailored value-added services to enhance the experience and recognition of property owners, thereby facilitating timely fee recovery; and (iii) for relevant guaranteed delivery projects of property developers, it strengthened communication and coordination with the developers to promptly address and resolve owners' concerns, thereby improving owners' satisfaction and willingness to pay; and (3) maintaining stability in key positions such as property managers and project leaders, improving internal resource coordination and team synergy efficiency, and ensuring effective implementation of all collection measures.

The recovery for the non-residential business was mainly focused on major customer projects and multi-owner projects, among which, (1) for major customer business, it captured the major concerns and prevented risk exposure by setting up an early-warning ledger in excess of RMB1 million in respect of major governmental and enterprise customers, and carrying out specific assessment and follow-up in line with the local financial policies to procure the signing of agreements on recovery; and (2) for multi-owner projects, it strengthened the foundation and implementation by establishing meticulous isolated set of files per each household, and enhancing inspections, supervision and review efforts of frontline collection to enhance on-site collection efficiency through rigorous process control.

As at the end of the reporting period, the Group comprehensively adopts ageing migration analysis and macroeconomic trend assessment, and conducts prudent evaluation of expected credit losses on accounts receivable through dual measurement methods, so as to ensure sufficient basis and reliable results in bad debt estimation. During the evaluation process, the Group reasonably adjusts risk parameters by taking into account the current and future macroeconomic environment, and the loss rates of accounts receivable of different maturities are consistent with the historical actual bad debt experience.

In the opinion of the Management, the provision for bad debts made in the current period is adequate. The provision balance at the period end can fully cover potential bad debt losses under both normal and prudent scenarios, the credit risk is generally controllable, and there is no under-provision for bad debts.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade Payables

As at 31 December 2025, trade payables amounted to RMB1,623.2 million, representing an increase of 14.9% as compared to RMB1,412.3 million for the same period of 2024, which was due to the phased increase in the scale of trade payables resulting from the Group's optimization of its supplier credit term management strategy to balance cash flow security and sustainable business development under the impact of changes in market liquidity and adjustments to the pace of cash collection.

Liquidity, Reserves and Capital Structure

The Group maintained a sound financial position during the year. Current assets amounted to RMB8,291.5 million as at 31 December 2025, representing a year-on-year decrease of 14.1% as compared to RMB9,648.9 million as at 31 December 2024. The Group's cash and cash equivalents amounted to RMB1,491.3 million, representing a year-on-year decrease of 31.1% as compared to RMB2,164.1 million as at 31 December 2024, which was mainly due to (1) increased investment in project quality enhancement; (2) the payment of the past equity transfer during the year; (3) investment in financial assets at fair value through profit or loss; and (4) investment in associates.

The Group's net current assets amounted to RMB3,450.1 million as at 31 December 2025, with a current ratio of 1.7, which still stood at a robust level as compared to the net current assets of RMB4,880.9 million as at 31 December 2024.

Capital Expenditure Commitments

As at 31 December 2025, there was no material capital commitment that the Group had contracted but not provided for.

Foreign Exchange Risk

The Group principally operates in the PRC, and the majority of its businesses are conducted in RMB with limited exposure to the foreign exchange risk. However, any depreciation or appreciation in HKD and adjustment in the interest rates will affect the performance of the Group. Therefore, the Group will closely monitor its exchange rate risk and interest rate risk exposure, actively explore foreign exchange hedging plans with major banks and use financial instruments to hedge against such risks when necessary.

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

Financial Policy

In order to manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that its assets, liabilities and other liquidity structure undertaken meet the capital requirements from time to time.

REPORT OF THE DIRECTORS

The directors (the “Directors”) of Shimao Services Holdings Limited (the “Company”) have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2025.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services. The principal activities of its principal subsidiaries are set out in note 15 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2025 are set out on pages 67 to 164 of this annual report.

The board of directors of the Company (the “Board”) did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

Business Review

A business review of the Group for the year ended 31 December 2025 and a discussion of the Group’s future business development and possible risks and uncertainties that the Group may encounter are provided in the Chairman’s Statement on pages 6 to 10 and the Management Discussion and Analysis on pages 11 to 28 of this annual report. The financial risk management objectives and policies of the Group are shown in note 3 to the consolidated financial statements. An analysis of the Group’s performance during the year using key financial performance indicators is set out in the Five Years Financial Summary on pages 4 to 5 of this annual report. There is no significant events affecting the Group that have occurred after the reporting period. The above discussions form part of the Report of the Directors.

The Group considers the protection of the environment to be important and recognises that the green development is essential to the sustainable operation of the Group’s business in its daily operation. The Group is committed to operating its business in compliance with applicable laws and regulations on environmental protection and has implemented relevant environmental protection measures in compliance with the required standards under applicable laws and regulations.

The Group recognises that employees, customers, suppliers and business partners are keys to its sustainable development. The Company is of the view that employees are an important asset of the Group and believes that the long-term sustainable development of employees is a key factor to the long-term growth of the Group’s performance. The Company regularly provides comprehensive training program for its employees to improve and enhance their technical and service skills, as well as to deepen their knowledge of industry quality standards and work place safety standards.

The Group treasures its property owners, residents and users as one of the most important groups of stakeholders and strives to provide customers with comfortable and healthy living experiences in residential and non-residential properties, with the goal of creating a better life. The Group is also dedicated to developing and enhancing good relationship with suppliers, as well as strengthening the cooperation with business partners to ensure stability of the Group’s business.

A detailed discussion of the Group’s environmental policies and performance, its compliance with the relevant laws and regulations and an account of the Group’s key relationships with its stakeholders that have a significant impact on the Group is contained in 2025 Sustainability Report of the Company, which is available on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

REPORT OF THE DIRECTORS

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out on pages 71 to 72 of this annual report and note 42 to the consolidated financial statements.

Major Customers and Suppliers

The aggregate sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total revenue and 30% of the Group's total purchases during the year, respectively.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in the major customers or suppliers noted above.

Bank Borrowings

Details of bank borrowings of the Company and the Group as at 31 December 2025 are set out in note 30 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to RMB2,046,500 (2024: RMB713,223).

Property, Plant and Equipment

Details of property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company for the year ended 31 December 2025 are set out in note 27 to the consolidated financial statements.

Financial Highlights

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 5 of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights over shares of the Company under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands where the Company is incorporated.

REPORT OF THE DIRECTORS

Directors

The Directors during the year and up to the date of this report are as follows:

Executive Directors

Mr. Hui Sai Tan, Jason (*Chairman*)
Mr. Shao Liang (*President*)
Mr. Cao Shiyang (*resigned on 31 August 2025*)

Independent Non-executive Directors

Mr. Gu Yunchang (*resigned on 18 March 2026*)
Ms. Zhou Xinyi
Mr. Hui Wai Man, Lawrence

In accordance with the Articles of Association, two Directors, namely, Mr. Shao Liang and Ms. Zhou Xinyi shall retire from office by rotation at the forthcoming annual general meeting of the Company (the "AGM"), respectively, and all being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

None of the Directors, including Directors being proposed for re-election at the forthcoming AGM, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "HKEx"). The Company considers that all the Independent Non-executive Directors are independent.

Directors' Interests in Transactions, Arrangements and Contracts

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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 subsisted during the year.

REPORT OF THE DIRECTORS

Share Award Scheme

A share award scheme of the Company (the "Share Award Scheme") was adopted by the Board on 28 June 2021 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognise the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date. The maximum number of shares which can be awarded under the Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of the Company as at the Adoption Date.

The number of award shares granted is determined based on the grantee's position, experience, years of service, performance and contribution to the Group. The maximum number of shares which may be subject to an award or awards to a selected employee under the Share Award Scheme must not exceed 3% of the total number of issued shares of the Company as at the Adoption Date. The award shares granted will automatically lapse if the grantee, among other things, terminate his/her service or employment relationship with the Group and other circumstances as provided in accordance with the rules of the Share Award Scheme. No acceptance price of award shares will be payable on the acceptance of the award and no purchase price is payable by the selected employees upon acceptance of awards granted under the Share Award Scheme. Pursuant to the terms of the rules and trust deed of the Share Award Scheme, the trustee shall purchase shares from the market to satisfy the allocation of the awarded shares and shall hold such shares upon trust until they are vested.

During the year ended 31 December 2025, no award share was granted under the Share Award Scheme. Details of the movement of the award shares during the year are as follows:

Name of grantees	Date of grant	Number of awarded shares				Outstanding as at 31 December 2025
		Outstanding as at 1 January 2025	Granted during the year	Vested during the year	Lapsed/cancelled during the year	
Executive Director						
Mr. Cao Shiyang	16 November 2022 ^(Note 1)	96,945	–	–	(96,945)	–
(resigned on 31 August 2025)	19 June 2023 ^(Note 2)	127,907	–	–	(127,907)	–
Sub-total		224,852	–	–	(224,852)	–
Four highest paid individuals ^(Note 3)						
	16 November 2022 ^(Note 1)	9,532	–	–	–	9,532
	19 June 2023 ^(Note 2)	44,144	–	–	–	44,144
Other selected employees of the Group						
	16 November 2022 ^(Note 1)	1,237,979	–	–	–	1,237,979
	19 June 2023 ^(Note 2)	2,109,212	–	–	(55,390)	2,053,822
Sub-total		3,400,867	–	–	(55,390)	3,345,477
Total		3,625,719	–	–	(280,242) ^(Note 4)	3,345,477

REPORT OF THE DIRECTORS

Notes:

1. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, 60% of award shares will be vested after 6 months from the date of grant and 40% of award shares will be vested after 18 months from the date of grant. The closing price of the Company's shares immediately before the date on which the awards were granted was HK\$2.65 per share. The fair value of the awards at the date of grant was HK\$2.29 per share based on the closing price of the Company's shares on that date.
2. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, 60% of award shares will be vested after 12 months from the date of grant and 40% of award shares will be vested after 24 months from the date of grant. The closing price of the Company's shares immediately before the date on which the awards were granted was HK\$1.74 per share. The fair value of the awards at the date of grant was HK\$1.68 per share based on the closing price of the Company's shares on that date.
3. Based on the five highest paid individuals during the financial year ended 31 December 2025, one of them was an Executive Director of the Company, namely, Mr. Shao Liang, however, no award shares were granted to him.
4. These unvested award shares were lapsed during the year.

Since the Adoption Date and up to the date of this report, a total of 7,542,551 award shares had been granted under the Share Award Scheme, representing approximately 0.32% of the total number of issued shares of the Company on the Adoption Date. The total number of shares available for future grant under the Share Award Scheme is 63,376,639 shares, representing approximately 2.57% of the total number of issued shares of the Company as at the date of this report. Further details of the Share Award Scheme are set out in note 35 to the consolidated financial statements.

Equity-Linked Agreements

Save as disclosed above, 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 or subsisted at the end of the year.

Disclosure of Interests in Securities

Directors' and Chief Executive's Interests and Short Position in the Company and the Associated Corporation

As at 31 December 2025, the interests and short position of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Appendix C3 to the Listing Rules were as follows:

(i) Long position in the shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	57,129	0.002%
Shao Liang	Beneficial owner	35,016	0.001%

REPORT OF THE DIRECTORS

(ii) Long position in the shares of the Associated Corporation – Shimao Group Holdings

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	3,682,198 ^(Note 1)	0.043%
Shao Liang	Beneficial owner	61,388 ^(Note 2)	0.001%

Notes:

- These interests disclosed include deemed interests in 119,493 shares granted which had not vested pursuant to a share award scheme adopted by Shimao Group Holdings Limited (“Shimao Group Holdings”, together with its subsidiaries, collectively, the “Shimao Group”) on 30 December 2011 (the “2011 Shimao Group Share Award Scheme”).
- These interests disclosed represent deemed interests in shares granted which had not vested pursuant to the 2011 Shimao Group Share Award Scheme.

Save as disclosed above, no other interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were recorded in the register.

Directors’ Right to Acquire Shares or Debentures

Save as disclosed above, at no time during the year was the Company, any of its subsidiaries, or its holding company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Interests of Substantial Shareholders

As at 31 December 2025, the interests and short position of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long/short position in the shares or underlying shares of the Company

Name	Nature of interests	Number of shares or underlying shares held	Approximate percentage of issued share capital
Long Position			
Best Cosmos Limited (“Best Cosmos”)	Note 1	1,356,276,591	54.951%
Shimao Group Holdings	Note 1	1,356,276,591	54.951%
Overseas Investment Group International Limited (“Overseas Investment”)	Note 2	1,356,276,591	54.951%
Gemfair Investments Limited (“Gemfair”)	Note 3	1,388,210,750	56.244%
Mr. Hui Wing Mau	Note 4	1,399,067,092	56.684%

REPORT OF THE DIRECTORS

Notes:

1. These interests held by Best Cosmos (a company which is directly wholly-owned by Shimao Group Holdings, which is owned as to approximately 53.87% by Gemfair, a company which is directly wholly-owned by Mr. Hui Wing Mau).
2. These interests disclosed represent the right of Overseas Investment to vote on behalf of Gemfair as a shareholder at general meetings of Shimao Group Holdings, pursuant to a deed dated 12 June 2006 between Gemfair and Overseas Investment, as long as Mr. Hui Wing Mau or his associates (directly or indirectly) holds not less than a 30% interest in Shimao Group Holdings.
3. These interests comprise (i) 31,934,159 shares held directly by Gemfair; and (ii) 1,356,276,591 shares held by Gemfair's controlled corporations.
4. These interests comprise (i) 10,856,342 shares held directly by Shiyang Finance Limited, a company which is directly wholly-owned by Mr. Hui Wing Mau; (ii) 31,934,159 shares held by Gemfair; and (iii) 1,356,276,591 shares held by Gemfair's controlled corporations.

Save as disclosed above, no other interests and short position in the shares and underlying shares of the Company were recorded in the register.

Deed of Non-Competition

On 16 October 2020, Shimao Group Holdings, one of the controlling shareholders of the Company, and Mr. Hui Wing Mau, the ultimate controlling shareholder of the Company, entered into a deed of non-competition (the "Deed of Non-Competition") in favor of the Company (for itself and for each of the subsidiaries of the Company).

Each of Shimao Group Holdings and Mr. Hui Wing Mau (the "Undertaking Controlling Shareholders") has unconditionally and irrevocably undertaken to us in the Deed of Non-Competition that he/it will not, and will procure his/its close associates (save for members of the Group) not to, directly or indirectly conduct or be involved in any business (other than the Group's business) that directly or indirectly competes, or may compete, with the Group's business, being the provision in the PRC of property management services for residential and other properties (including but not limited to governmental and public facilities), value-added services to non-property owners and community value-added services (collectively referred to as the "Restricted Businesses"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time, except where the Undertaking Controlling Shareholders and their close associates hold (i) less than 30% of the total issued share capital of any company (whose shares are listed on the HKEx or any other stock exchange); or (ii) less than 30% of interest of any private company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company.

The above restrictions do not apply (i) to any business which Shanghai Shimao Co., Ltd. ("Shanghai Shimao", a non wholly-owned subsidiary of Shimao Group Holdings) and its subsidiaries (collectively, the "Shanghai Shimao Group") are allowed to conduct under a non-competition agreement entered into between Shimao Group Holdings, Shanghai Shimao and Mr. Hui Wing Mau (the "2007 Non-Competition Agreement"); (ii) when our Group engages in a new business that is not a Restricted Business and at the time of commencement of such new business, any of the Undertaking Controlling Shareholders had already been conducting or been involved in, or otherwise been interested in, the relevant business; (iii) to the investment in Guangzhou Lihe Property Management Co., Ltd. as described in "(a) Investment in Guangzhou Lihe" under the section "Relationship with Controlling Shareholders" in the prospectus of the Company dated 20 October 2020 (the "Prospectus"); and (iv) to the management of the limited residential properties as described in "(a) Property management of the Limited Residential Properties by the Shanghai Shimao Group" and the residential project as described in "(c) Management of one residential project" under the section "Relationship with Controlling Shareholders" in the Prospectus. Each of the Undertaking Controlling Shareholders has undertaken that he/it will not, and will procure his/its close associates not to, renew the management contracts relevant to the Limited Residential Properties upon their expiration.

REPORT OF THE DIRECTORS

The Deed of Non-Competition will lapse automatically if the Undertaking Controlling Shareholders cease to hold, whether directly or indirectly, 50% or above of the shares of the Company with voting rights or if the shares of the Company cease to be listed on the HKEx. Details of the above Deed of Non-Competition and 2007 Non-Competition Agreement are set out under the section “Relationship with Controlling Shareholders” in the Prospectus.

Each of the Undertaking Controlling Shareholders has confirmed that during the year ended 31 December 2025, his/its close associates have fully complied with the Deed of Non-Competition and the 2007 Non-Competition Agreement.

Pursuant to the information and confirmation provided or given by the Undertaking Controlling Shareholders, the Independent Non-executive Directors have reviewed the performance of the Deed of Non-Competition and 2007 Non-Competition Agreement during the reporting period, and are of the view that the undertakings thereunder have been complied with the Deed of Non-Competition and were not aware of any non-compliance of the 2007 Non-Competition Agreement.

Directors’ Interests in Competing Business

Save as disclosed above, none of the Directors or their associates have any interest in the business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group during the year ended 31 December 2025 pursuant to Rule 8.10 of the Listing Rules.

The Directors will, as and when required under the Articles of Association, abstain from voting on any board resolution of the Company in respect of any contract, arrangement or proposal in which he/she or any of his/her associates has a material interest.

Permitted Indemnity Provisions

The Articles of Association provides that the Directors, secretary or other officers of the Company shall be entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain or about the execution of their duties in their respective offices. In addition, the Company has taken out and maintained appropriate directors and officers liability insurance in respect of the relevant legal actions against the Directors.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REPORT OF THE DIRECTORS

Continuing Connected Transactions and Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions and connection transactions during the year ended 31 December 2025 are as follows:

(i) Continuing Connected Transactions

Fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

(1) Trademark Licensing Agreement

On 16 October 2020, a trademark license agreement was entered into between the Company, Shimao Group Holdings, and Fine Tune Investments Limited ("Fine Tune Investments") (the "Trademark License Agreement"), pursuant to which Fine Tune Investments agreed and Shimao Group Holdings agreed to procure Fine Tune Investments to irrevocably and unconditionally grant to our Company and other members of the Group a non-transferrable and non-exclusive license to use certain trademarks for a perpetual term commencing from the date of the Trademark License Agreement in the PRC on a royalty-free basis.

Fine Tune Investments as the registered proprietor of the licensed trademarks was an indirect wholly-owned subsidiary of Shimao Group Holdings, one of the controlling shareholders of the Company. Each of Fine Tune Investments and Shimao Group Holdings is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Trademark License Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

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

Subject to the reporting, annual review and announcement requirements but exempt from the independent shareholder's approval

(2) Carpark Sales Agency Services Master Agreement

On 6 December 2022, the Company entered into a master carpark sales agency services agreement (the "Carpark Sales Agency Services Master Agreement") with Shimao Group Holdings, pursuant to which the Group will provide the Shimao Group with carpark space sales agency services, including but not limited to providing marketing, promotion and sales services for carpark spaces developed by the Shimao Group, and arrangement of documentations with the buyers of the carpark spaces. The Carpark Sales Agency Services Master Agreement has a term commencing from 1 January 2023 to 31 December 2025. The annual caps for the total commissions under the Carpark Sales Agency Services Master Agreement for the three years ending 31 December 2025 are RMB236 million, RMB258 million and RMB264 million respectively. In addition, the annual caps for the total deposits to be paid under the Carpark Sales Agency Services Master Agreement for the three years ending 31 December 2025 are RMB300 million, RMB268 million and RMB245 million, respectively.

For the year ended 31 December 2025, the total commissions payable to the Group amounted to RMB37.1 million which did not exceed the annual cap of RMB264 million, and the total carpark deposit to be paid in relation to the carpark space sales agency services amounted to RMB101.3 million which did not exceed the annual cap of RMB245 million under the Carpark Sales Agency Services Master Agreement.

REPORT OF THE DIRECTORS

(3) Leasing Master Agreement

On 6 December 2022, the Company entered into a master property leasing agreement (the “Leasing Master Agreement”) with Shimao Group Holdings, pursuant to which the Group will lease several residential or nonresidential properties from the Shimao Group from time to time. The purpose of the leases of the Group is to (1) partly, use as offices; and (2) develop other community value-added services. The Leasing Master Agreement has a term commencing from 1 January 2023 to 31 December 2025. The annual caps for the total rental charges under the Leasing Master Agreement for the three years ending 31 December 2025 are RMB65 million, RMB70 million and RMB79 million, respectively.

For the year ended 31 December 2025, the total rental charges payable by the Group under the Leasing Master Agreement amounted to RMB3.4 million which did not exceed the annual cap of RMB79 million.

Under the above Carpark Sales Agency Services Master Agreement and Leasing Master Agreement, Shimao Group Holdings is the controlling shareholders of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under each of these two agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios under the Listing Rules in respect of the annual caps of each of these two agreements exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholder’s approval requirements under Chapter 14A of the Listing Rules.

Subject to the reporting, annual review, announcement and the independent shareholder’s approval requirements**(4) Sales Office Operation Master Agreement**

On 6 December 2022, the Company entered into a master sales office operation services agreement (the “Sales Office Operation Master Agreement”) with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Shimao Group will engage the Group to operate several sales offices and display units, the responsibilities of the Group are including but not limited to human resources management, formulating various management policies and procedures, cleaning and security of the sales office, and other services relating to the running of the sales offices. The Sales Office Operation Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the Sales Office Operation Master Agreement for the three years ending 31 December 2025 are RMB146 million, RMB128 million and RMB115 million, respectively.

For the year ended 31 December 2025, the total amount of service fees payable to the Group under the Sales Office Operation Master Agreement amounted to RMB112.8 million which did not exceed the annual cap of RMB115 million.

(5) IoT Services Master Agreement

On 6 December 2022, the Company entered into a master IoT services agreement (the “IoT Services Master Agreement”) with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Shimao Group will engage the Group to provide services relating to the construction, development and system composition of IoT systems to the property development projects that the Shimao Group involves in, including but not limited to, design, develop, implement, operate and sales of related IoT products and components. The IoT systems and components are for the enhancement of living experience for the dwelling in the respective properties. The IoT Services Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the IoT Services Master Agreement for the three years ending 31 December 2025 are RMB156 million, RMB142 million and RMB128 million, respectively.

For the year ended 31 December 2025, the total amount of service fees payable to the Group under the IoT Services Master Agreement amounted to RMB2.2 million which did not exceed the annual cap of RMB128 million.

REPORT OF THE DIRECTORS

(6) Engineering Services Master Agreement

On 6 December 2022, the Company entered into a master engineering services agreement (the “Engineering Services Master Agreement”) with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Group will provide several engineering services for the property development projects that the Shimao Group involves in home decoration and elevator supply, installation, maintenance and other related services. The Engineering Services Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the Engineering Services Master Agreement for the three years ending 31 December 2025 are RMB89 million, RMB90 million and RMB90 million, respectively.

For the year ended 31 December 2025, the total amount of service fees payable to the Group under the Engineering Services Master Agreement amounted to RMB59.7 million which did not exceed the annual cap of RMB90 million.

(7) Property Management Services Master Agreement

On 6 December 2022, the Company entered into a master property management services agreement (the “Property Management Services Master Agreement”) with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Group will provide the Shimao Group with property management services for the properties (including car parking spaces) owned or used by the Shimao Group. The Property Management Services Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the Property Management Services Master Agreement for the three years ending 31 December 2025 are RMB151 million, RMB173 million and RMB169 million, respectively.

For the year ended 31 December 2025, the total amount of service fees payable to the Group under the Property Management Services Master Agreement amounted to RMB108.2 million which did not exceed the annual cap of RMB169 million.

(8) Value-added Services to Non-property Owners Master Agreement

On 6 December 2022, the Company entered into a master value-added services to non-property owners agreement (the “Value-added Services to Non-property Owners Master Agreement”) with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Group will provide the Shimao Group with, in connection with the property development projects that the Shimao Group involves in the non-property owners value-added services. The Value-added Services to Non-property Owners Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the Value-added Services to Non-property Owners Master Agreement for the three years ending 31 December 2025 are RMB160 million, RMB94 million and RMB81 million, respectively.

For the year ended 31 December 2025, the total amount of service fees payable to the Group under the Value-added Services to Non-property Owners Master Agreement amounted to RMB9.6 million which did not exceed the annual cap of RMB81 million.



REPORT OF THE DIRECTORS

(9) Information Technology Services Master Agreement

On 6 December 2022, the Company entered into a master information technology services agreement (the "Information Technology Services Master Agreement") with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Group will provide the Shimao Group with the information technology services to satisfy the internal management needs of the Shimao Group and the relevant property development projects of the Shimao Group. The Information Technology Services Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total fees under the Information Technology Services Master Agreement for the three years ending 31 December 2025 are RMB33 million, RMB22 million and RMB22 million, respectively.

For the year ended 31 December 2025, there was no service fee payable to the Group under the Information Technology Services Master Agreement, and therefore did not exceed the annual cap of RMB22 million.

(10) Procurement and Supply Master Agreement

On 6 December 2022, the Company entered into a master procurement and supply agreement (the "Procurement and Supply Master Agreement") with Shimao Group Holdings and as altered by its supplemental agreement on 6 March 2023, pursuant to which the Group will supply the Shimao Group certain merchandises including but not limited to (1) the materials for the purpose of marketing and sales of the Shimao Group; and (2) the souvenirs to the home buyers or for customer services. The Procurement and Supply Master Agreement has a term commencing from 28 March 2023 to 31 December 2025. The annual caps for the total transaction amounts under the Procurement and Supply Master Agreement for the three years ending 31 December 2025 are RMB32 million, RMB33 million and RMB28 million, respectively.

For the year ended 31 December 2025, the total fees payable to the Group under the Procurement and Supply Master Agreement amounted to RMB0.3 million which did not exceed the annual cap of RMB28 million.

Under the Sales Office Operation Master Agreement, IoT Services Master Agreement, Engineering Services Master Agreement, Property Management Services Master Agreement, Value-added Services to Non-property Owners Master Agreement, Information Technology Services Master Agreement and Procurement and Supply Master Agreement (collectively the "Non-exempt CCT Agreements"), Shimao Group Holdings is the controlling shareholders of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Non-exempt CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios under the Listing Rules in respect of the annual caps of the transactions contemplated under the Non-exempt CCT Agreements on aggregate basis exceed 5%, the transactions contemplated thereunder and the respective annual caps in relation thereto for the three years ending 31 December 2025 are subject to the reporting, annual review, announcement and the independent shareholder's approval requirements under Chapter 14A of the Listing Rules, and were duly approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 28 March 2023.

For further details of the Non-exempt CCT Agreements, please refer to the circular of the Company dated 13 March 2023 and the announcements of the Company dated 6 December 2022, 19 January 2023, 6 March 2023 and 28 March 2023.

REPORT OF THE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, all Independent Non-executive Directors of the Company have reviewed the abovementioned continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

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

In accordance with Rule 14A.56 of the Listing Rules, the Company's external auditor, Grant Thornton Hong Kong Limited ("Grant Thornton"), has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe the continuing connected transactions abovementioned:

- (i) have not been approved by the Board;
- (ii) are not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) have not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the annual caps.

As the Carpark Sales Agency Services Master Agreement, Leasing Master Agreement and the Non-exempt CCT Agreements were due to expire on 31 December 2025, and in light of the continuation of business operations between the Company and Shimao Group Holdings, on 5 November 2025, the Company and Shimao Group Holdings had entered into the new (1) leasing master agreement; (2) carpark sales agency services master agreement; (3) sales office operation master agreement; (4) IoT services master agreement; (5) engineering services master agreement; (6) property management services master agreement; and (7) value-added services to non-property owners master agreement (collectively, the "2025 CCT Master Agreements") for a term commencing from 1 January 2026 to 31 December 2028. For details, please refer to the announcement of the Company dated 5 November 2025.

Under the 2025 CCT Master Agreements, Shimao Group Holdings is the controlling shareholders of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios under the Listing Rules in respect of the annual caps of 2025 CCT Master Agreements exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholder's approval under Chapter 14A of the Listing Rules.



REPORT OF THE DIRECTORS

Related Party Transactions

The significant related party transactions entered by the Group for the year ended 31 December 2025 are set out in note 39 to the consolidated financial statements. Save as disclosed in this annual report, none of these related party transactions constituted a connected transaction or continuing connected transaction for the Company which is in compliance with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

Change of Auditors in the Preceding Three Years

On 28 April 2022, PricewaterhouseCoopers (“PwC”) resigned as the auditor of the Company and Moore Stephens CPA Limited (“Moore Stephens”) was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next AGM.

On 17 January 2023, Moore Stephens resigned as the auditor of the Company and Elite Partners CPA Limited (“Elite Partners”) was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Moore Stephens and to hold office until the conclusion of the next AGM.

On 30 September 2024, Elite Partners resigned as the auditor of the Company and Grant Thornton was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the next AGM.

For details of the above change of auditors of the Company, please refer to the announcements of the Company dated 29 April 2022, 17 January 2023 and 30 September 2024, respectively.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2025 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company’s issued shares as required under the Listing Rules.

Corporate Governance

The Company is committed to achieving and maintaining high standards of corporate governance which it believes is crucial to the development of the Group and safeguard the interests of the shareholders of the Company. Information on the Company’s corporate governance principles and practices is set out in the Corporate Governance Report on pages 43 to 58 of this annual report.

Auditor

The consolidated financial statements for the year ended 31 December 2025 have been audited by Grant Thornton who will retire and, being eligible, offer themselves for re-appointment as auditor of the Company at the forthcoming AGM. A resolution for the re-appointment of Grant Thornton as the auditor of the Company will be proposed for shareholders’ approval at the forthcoming AGM.

On behalf of the Board
Hui Sai Tan, Jason
Chairman

Hong Kong, 27 March 2026

CORPORATE GOVERNANCE REPORT

A. Corporate Governance Practices

Shimao Services Holdings Limited (the “Company”) is committed to maintaining high standards of business ethics and corporate governance. The Company believes that high corporate governance standards are essential in providing a framework for the Company and its subsidiaries (together the “Group”) to safeguard the interests of shareholders, formulate business strategies and policies, and enhance corporate value, transparency and accountability.

The Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “Code”) as contained in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEx”) throughout the financial year ended 31 December 2025, except for the following deviation:

Under code provision F.1.3 of the Code, the chairman of the board should attend the annual general meeting. Mr. Hui Sai Tan, Jason, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 10 June 2025 due to other commitment.

B. Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company (the “Directors”). Before the Group’s interim and annual results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout periods. The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the financial year ended 31 December 2025.

C. Directors

C.1 The Board

The board of Directors (the “Board”) has the collective responsibility for leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performances. The Board is also responsible for promoting the success of the Company by directing and supervising its affairs and formulating business strategies and policies of the Group. The management is delegated with the authority and responsibilities by the Board for the day-to-day management and operation of the Group and the Board makes decisions objectively in the best interests of the Company and its shareholders as a whole.

As at the date of this report, the Board consisted of four Directors, comprising two Executive Directors and two Independent Non-executive Directors who all possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience to the Board.

The Board holds at least four regular meetings a year and additional meetings would be arranged as and when required. During the financial year ended 31 December 2025, four scheduled Board meetings were held and Directors attended the Board meetings in person or through electronic means of communication. Details of the attendance records of the Directors are set out in the table on page 48. Apart from formal meetings, matters requiring the Board approval will be dealt with by way of written resolutions.

CORPORATE GOVERNANCE REPORT

C.2 Chairman and President

To ensure a balance of power and authority and preserve a balanced judgement of views, the roles of the Chairman and the Chief Executive are segregated with clear division of responsibilities between them. Mr. Hui Sai Tan, Jason served as Chairman of the Company provides leadership for the Board and is responsible for the overall strategic planning and business management of the Group. Mr. Shao Liang served as President of the Company and is responsible for the overall strategic planning and operations of the Group.

The other Executive Directors are delegated with responsibility to oversee and monitor the operations of specific business areas and to implement the strategies and policies formulated by the Board.

C.3 Board Composition

The Board has a balance of skills and experience appropriate for the Company's business. Given below are names of Directors during the financial year ended 31 December 2025 and up to the date of this report:

Executive Directors

Mr. Hui Sai Tan, Jason (*Chairman*)
Mr. Shao Liang (*President*)
Mr. Cao Shiyang (*resigned on 31 August 2025*)

Independent Non-executive Directors

Mr. Gu Yunchang (*resigned on 18 March 2026*)
Ms. Zhou Xinyi
Mr. Hui Wai Man, Lawrence

Brief biographical particulars of all existing Directors, together with information relating to the relationship among them, are set out in the "Directors and Senior Management Profiles" section under this annual report.

The Board currently comprises two Executive Directors and two Independent Non-executive Directors. The Independent Non-executive Directors, who represent one-third of the Board, bring independent advice, judgment and scrutiny of executives and review of performance and risks.

Following the resignation of Mr. Gu Yunchang as an Independent Non-executive Director of the Company, the number of the independent non-executive directors of the Board is temporarily below the minimum of at least three independent non-executive directors as required under Rule 3.10(1) of the Listing Rules. Accordingly, the Company will endeavor to identify suitable candidate to fill the vacancy.

The Board considers that all the Independent Non-executive Directors are independent in character and judgment and meet the guidelines for assessment of independence as set out in Rule 3.13 of the Listing Rules during their tenure of services. Confirmation has been received from all Independent Non-executive Directors that they are independent as set out in Rule 3.13 of the Listing Rules during the year.

Independent Non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

CORPORATE GOVERNANCE REPORT

C.4 Appointments, Re-election and Removal

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a specific term of three years. However, such term is subject to his/her re-appointment by the Company at annual general meeting upon retirement by rotation pursuant to the Articles of Association. The Articles of Association state that each Director shall retire from office by rotation at least once every three years after he/she was last elected or re-elected and Directors holding offices as chairman and managing director are also subject to retirement by rotation. The Articles of Association also provide that any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

C.5 Board Diversity

The Company recognises the benefits of having a Board that has a balance of skills, knowledge, experience and diversity of perspective appropriate in supporting the attainment of the Company's strategic objectives and sustainable development of the Company's businesses.

The Board has adopted a board diversity policy for the Company (the "Board Diversity Policy") which aims to set out approaches to achieve diversity on the Board. The Nomination Committee should, while reviewing the Board's composition, consider from a wide range of aspects for Board diversity, including, but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, professional experience, expertise, independence, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. All appointments of Directors should have taken into account the aforesaid factors as a whole for the benefits of the Company. Selection of candidates will be based on the Company's Nomination Policy and will take into account the Board Diversity Policy. The ultimate decision will be based on merit against objective criteria and contribution that the selected candidate will bring to the Board. The Nomination Committee will review and monitor from time to time the implementation of the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Nomination Committee considered that the Board consists of a diverse mix of members and has provided a good balance of skills and experience appropriate to the business needs of the Group. Currently, the Board has one female Director out of four Directors. The Board targets to maintain at least the current level of female representation and will review the proportion of female member on the Board as and when required by the Company's needs.

The composition of the current Board and the board diversity mix is shown below:

	Number of Directors
Designation	
Executive Directors	2
Independent Non-executive Directors	2
Gender	
Male	3
Female	1
Age	
46–55 years old	2
56–65 years old	1
66–75 years old	1
Length of Service	
1–2 years	1
3–4 years	1
5–6 years	2

CORPORATE GOVERNANCE REPORT

	Directors' skills, expertise and experience				
	Executive leadership & strategy/ directorship experience with other listed company(ies)	Property Management	Mainland China Exposure	Accounting professionals/ financial management expertise	Regulatory & compliance
Executive Directors					
Mr. Hui Sai Tan, Jason (<i>Chairman</i>)	✓	✓	✓		
Mr. Shao Liang (<i>President</i>)	✓	✓	✓		
Independent Non-executive Directors					
Ms. Zhou Xinyi	✓	✓	✓		
Mr. Hui Wai Man, Lawrence	✓	✓	✓	✓	✓
Coverage (Approximate % of entire Board)	100%	100%	100%	20%	20%

The Group is committed to creating an inclusive and supportive working environment for its employees, such that individual differences are respected and employees are treated with dignity. The Group has adopted a workforce diversity policy (the "Workforce Diversity Policy") and is committed to fostering gender empowerment, gender equality and gender diversity across its workforce, and providing equal opportunities in relation to recruitment, training and development, compensation and career and promotion opportunities.

In respect of the Group's workforce (including senior management), we maintained an approximate 40:60 ratio of males to females as at 31 December 2025. With the objective of optimizing the gender diversity, the Group will continue to take gender diversity into account in its ongoing recruitment process at all levels, as well as provide training and career development opportunities for staff across genders with the aim of promoting them to senior management level in order to develop a pipeline of potential successors of different genders to the Board in the near future.

Having reviewed the implementation of the Board Diversity Policy and Workforce Diversity Policy, the Nomination Committee considered that the requirements of these policies had been met. More details on the gender diversity of the Group's workforce together with relevant data are set out in the 2025 Sustainability Report of the Company, which is available on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

CORPORATE GOVERNANCE REPORT

C.6 Responsibilities of Directors

Every newly appointed Director receives briefings and orientation containing their legal and other responsibilities as a Director and the role of the Board together with materials on the Company's business and operations from the Company Secretary. The Company provides appropriate and sufficient information to Directors in a timely manner to keep them apprised of the latest development of the Group and to enable them to make an informed decision as well as to discharge their duties and responsibilities as Directors of the Company. Each Director has independent access to senior executives on operating issues.

Every Director is aware that he/she should give sufficient time and attention to the affairs of the Company. Each Director discloses to the Company at the time of his/her appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments with indication of relevant time commitment.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended 31 December 2025, self-reading materials with specified topics covering directors' roles and duties, legal and regulatory updates, corporate governance and ESG, risk management and internal control, and industry trends and updates pertaining to the Group's business were provided to the Directors to facilitate the discharge of their responsibilities.

While there are no prescribed training hours as such under the Listing Rules, considering the scope and scale of the Company's business, Directors are expected to undertake no less than eight hours of relevant trainings annually. All Directors have fulfilled the recommended training hours for the year ended 31 December 2025.

According to the training records maintained by the Company Secretary, all Directors pursued continuous professional development during the year are set out below:

Directors	Areas					Format ^(Note)
	Director's Roles and Duties	Legal and Regulatory Updates	Corporate Governance & ESG	Risk Management & Internal Control	Industry Trends & Updates	
Mr. Hui Sai Tan, Jason	✓	✓	✓	✓	✓	A, B
Mr. Shao Liang	✓	✓	✓	✓	✓	A, B
Mr. Cao Shiyang (resigned on 31 August 2025)	✓	✓	✓	✓	✓	A
Mr. Gu Yunchang (resigned on 18 March 2026)	✓	✓	✓	✓	✓	A, B
Ms. Zhou Xinyi	✓	✓	✓	✓	✓	A, B
Mr. Hui Wai Man, Lawrence	✓	✓	✓	✓	✓	A, B

Note:

A – Through Self-reading materials.

B – Through the HKEx webcast on-line training.

CORPORATE GOVERNANCE REPORT

Individual attendance records of the Directors at Board meetings, Board committees' meeting and 2025 AGM during the financial year ended 31 December 2025, are set out below:

Directors	Attendance/Number of Meeting(s)				2025 AGM
	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	
Mr. Hui Sai Tan, Jason	4/4	N/A	N/A	N/A	0/1
Mr. Shao Liang	4/4	N/A	N/A	N/A	1/1
Mr. Cao Shiyang (<i>resigned on 31 August 2025</i>)	1/4	N/A	N/A	N/A	1/1
Mr. Gu Yunchang (<i>resigned on 18 March 2026</i>)	4/4	3/3	1/1	1/1	1/1
Ms. Zhou Xinyi	4/4	3/3	1/1	1/1	1/1
Mr. Hui Wai Man, Lawrence	4/4	3/3	1/1	1/1	1/1

C.7 Supply of and Access to Information

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers are circulated in full to all Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

The Directors enable, upon the reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

D. Board Committees

D.1 Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") on 13 October 2020. The Nomination Committee currently comprises two Independent Non-executive Directors, namely, Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.

Following the resignation of Mr. Gu Yunchang as an Independent Non-executive Director and the chairman of the Nomination Committee of the Company, the number of the members of the Nomination Committee is temporarily less than three members as required under the terms of reference of the Nomination Committee and Rule 3.27A of the Listing Rules. Accordingly, the Company will endeavor to identify suitable candidate to fill the vacancy.

The primary function of the Nomination Committee is to identify and nominate suitable candidates, for the Board's consideration and recommendation to stand for election by shareholders at annual general meeting, or when necessary, make recommendations to the Board to fill Board vacancies when they arise.

The terms of reference of the Nomination Committee have been reviewed with reference to the Code and are available on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Full minutes of the Nomination Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Nomination Committee meetings will be sent to all members of the Nomination Committee for their comment and records, within a reasonable time after each meeting.

There was one Nomination Committee meeting held during the financial year ended 31 December 2025. Details of the attendance records of the Nomination Committee members are set out in the table on page 48.

CORPORATE GOVERNANCE REPORT

The work performed by the Nomination Committee during the financial year ended 31 December 2025 is summarized below:

- (a) review the structure, size and composition (including the diversity mix of age, gender, skills, knowledge and experience) of the Board;
- (b) review the implementation and effectiveness of a nomination policy of the Company (the “Nomination Policy”) and the Board Diversity Policy;
- (c) review the revised terms of reference of the Nomination Committee to align with the new requirements of the Listing Rules, and make recommendations to the Board for approval; and
- (d) make recommendation to the Board for the re-election of the retiring Director(s) at the 2025 AGM.

Nomination Policy

The Board has adopted the Nomination Policy which sets out selection criteria, process and procedure in evaluating and identifying candidates for directorships of the Company. Pursuant to the Nomination Policy, the Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

- (a) character and integrity;
- (b) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the corporate strategy, business and operations of the Group;
- (c) commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments will be considered;
- (d) independence of the candidate;
- (e) the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (f) other factors considered to be relevant by the Nomination Committee on a case-by-case basis.

The nomination procedure and process for appointment of new Director, re-appointment of Directors and nomination by shareholders of the Company have been adopted and included in the Nomination Policy. The Nomination Committee will review and monitor from time to time the implementation of the Nomination Policy to ensure its effectiveness.



CORPORATE GOVERNANCE REPORT

D.2 Remuneration Committee

The Company has established a remuneration committee (the “Remuneration Committee”) on 13 October 2020. The Remuneration Committee currently comprises two Independent Non-executive Directors, namely, Ms. Zhou Xinyi (as the chairman of the Remuneration Committee) and Mr. Hui Wai Man, Lawrence.

Following the resignation of Mr. Gu Yunchang as an Independent Non-executive Director and a member of the Remuneration Committee of the Company, the number of the members of the Remuneration Committee is temporarily less than three members as required under the terms of reference of the Remuneration Committee and Rule 3.25 of the Listing Rules. Accordingly, the Company will endeavor to identify suitable candidate to fill the vacancy.

The primary function of the Remuneration Committee including, but not limited to, evaluating the performance and making recommendations to the Board on the remuneration package of the Directors and senior management and to evaluate as well as make recommendations on the Company’s Share Award Scheme.

The terms of reference of the Remuneration Committee have been reviewed with reference to the Code and the latest terms of reference of the Remuneration Committee are available on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Full minutes of the Remuneration Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Remuneration Committee meetings will be sent to all members of the Remuneration Committee for their comment and records, within a reasonable time after each meeting.

There was one Remuneration Committee meeting held during the financial year ended 31 December 2025. Details of the attendance records of the Remuneration Committee members are set out in the table on page 48.

The work performed by the Remuneration Committee during the financial year ended 31 December 2025 is summarized below:

- (a) review the Company’s policy and structure for the remunerations of Directors and senior management of the Company; and
- (b) review the terms of reference of the Remuneration Committee.

Details of the Directors’ remunerations (including the Executive Directors who are also the senior management of the Company) are set out in note 9 to the consolidated financial statements of this annual report.

D.3 Audit Committee

The Company has established the Audit Committee on 13 October 2020. The Audit Committee currently comprises two Independent Non-executive Directors, namely, Mr. Hui Wai Man, Lawrence (as the chairman of the Audit Committee) and Ms. Zhou Xinyi.

Following the resignation of Mr. Gu Yunchang as an Independent Non-executive Director and a member of the Audit Committee of the Company, the number of the members of the Audit Committee is temporarily below the minimum of three members as required under the terms of reference of the Audit Committee and Rule 3.21 of the Listing Rules. Accordingly, the Company will endeavor to identify suitable candidate to fill the vacancy.

The primary duties of the Audit Committee are to assist the Board to review the financial reporting process, internal control and risk management systems of the Company, nominate and monitor external auditor and provide advice and comments to the Directors.

CORPORATE GOVERNANCE REPORT

No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm. In addition, Mr. Hui Wai Man, Lawrence has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The terms of reference of the Audit Committee have been reviewed with reference to the Code and are available on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit Committee meetings will be sent to all members of the Audit Committee for their comment and records, within a reasonable time after each meeting.

There were three Audit Committee meetings held during the financial year ended 31 December 2025. Details of the attendance records of the Audit Committee members are set out in the table on page 48.

The work performed by the Audit Committee during the financial year ended 31 December 2025 is summarized below:

- (a) review the audit plan of the external auditor and discuss with them about the nature and scope of the audit;
- (b) review and make recommendations to the Board on appointment and re-appointment of external auditor, as well as approval of the remuneration and terms of engagement of external auditor;
- (c) review the external auditor's independence and objectivity and the effectiveness of audit process according to applicable standards;
- (d) review the audited annual consolidated financial results of the Group for the year ended 31 December 2024 and the 2024 Annual Report before submission to the Board for approval;
- (e) review the unaudited interim results of the Group for the six months ended 30 June 2025 and the 2025 Interim Report before submission to the Board for approval;
- (f) review the audit programme of the internal audit function;
- (g) review the Group's financial controls, internal control and risk management systems;
- (h) review the internal control report of the Group;
- (i) review the continuing connected transactions of the Company during the year ended 31 December 2025;
- (j) review the compliance status of the Deed of Non-Competition during the year ended 31 December 2025; and
- (k) review the renewal of annual caps of the Company's continuing connected transactions for the three years ending 31 December 2028 and make recommendations to the Board for approval.

The Audit Committee is provided with sufficient resources, including the advice of external auditor to discharge its duties.

The consolidated annual results of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

The current external auditor of the Company is Grant Thornton. The Audit Committee meets the external auditor at least twice a year. A statement by the auditor about their reporting responsibilities is included in the Independent Auditor's Report set out on pages 62 to 66 of this annual report.

In arriving at its opinion, the auditor conducted a full scope audit without any restrictions and had access to individual Directors (including Audit Committee members) and management of the Company.

The remuneration to the Company's auditor in respect of the services rendered for the year ended 31 December 2025 is set out as follows:

Services rendered	RMB'000
Audit services	
– Annual and other audit services	3,300
Non-audit services	500
Total	3,800

E. Accountability and Audit

E.1 Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements for each financial period which gives a true and fair view of the Group's state of affairs, results and cash flows for relevant period.

In preparing the financial statements for the financial year ended 31 December 2025, the Directors consider that:

- (a) suitable accounting policies are selected and applied consistently in accordance with appropriate accounting standards;
- (b) prudent and reasonable judgments and estimates are made; and
- (c) appropriate application of the going concern assumption is ensured.

The management has provided to the Board sufficient explanation and information as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as referred to in the code provision D.1.3 of the Code. All Directors are provided with the Group's major business activities and performance information on a monthly basis.

The Company recognises that high quality corporate reporting is important in reinforcing the long-term and trustworthy relationship with the Company's shareholders and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications. The annual and interim results of the Company are announced in a timely manner after the end of the relevant periods.

CORPORATE GOVERNANCE REPORT

E.2 Risk Management and Internal Control

The Board considers that the effective risk management and internal control are of high importance for the Group to achieve sustainable development and long-term business success. The Company has formulated risk management and internal control systems to provide standard guidelines for the identification, assessment, management, monitoring and reporting of all material risks (including the risks between environmental, social and governance (the “ESG”)) of the Company, which shall be reported to the senior management, the Audit Committee and the Board when necessary. Such systems are designed to safeguard the assets of the Group and the interest of shareholders of the Company as a whole.

The Company has established appropriate internal control procedures to ensure a comprehensive, accurate and timely record of accounting and management information. It also conducts regular review and examination to ensure the financial statement is prepared in accordance with the accounting standards and applicable laws and regulations.

The Board acknowledges its responsibility for maintaining adequate risk management and internal control systems and reviewing their effectiveness through the Audit Committee. Such systems are designed to manage the Group’s risks rather than eliminate the risk of failure to achieve business objectives, and provide reasonable assurance against material misstatement or loss.

Senior Management

The senior management is responsible for administering the Company’s risk management process, and is accountable for ensuring the Group’s business operations are conducted in compliance with the Company’s risk management policy by taking into consideration of the changes in the environment and the Company’s risk tolerance.

In addition to the Board’s oversight responsibilities, the Company has formulated a risk management process to identify, evaluate and manage material risks and to resolve significant internal control defects (if any). The senior management, through the Company’s Internal Audit Department, is responsible for the annual risk reporting process. Members of the Internal Audit Department regularly hold meetings with various members of the senior management to review and assess risks and discuss solutions to address significant internal control defects (if any), including any changes relevant to a given year. The risk assessment results will be reviewed by the management and presented to the Audit Committee and the Board for review.

Audit Committee and the Board

The Audit Committee assists the Board in discharging the duties in respect of finance, operation, compliance, risk management and internal control, as well as the supervision and corporate governance of financial and internal audit resources of the Company. The internal audit results shall be reported to the Board periodically, and corresponding actions will be taken by the Board based on the recommendations of the Audit Committee.

Risk Management

The Company continues to monitor and enhance the comprehensive risk management system to ensure that the Company’s strategies and operation will not have materially adverse effects on the economy, environment and social in pursuit of sustainable business success.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025. The Board has conducted an annual review on the effectiveness of the risk management and internal control systems of the Company through the Audit Committee, and considers that the existing systems are adequate and effective. Such review has covered all important aspects, including financial controls, operational controls and compliance controls. The Board is not aware of any material matters which may affect the shareholders of the Company that should be brought to their attention, and believes that the risk management and internal control systems are fully complied with the code provisions set out in the Code in relation to risk management and internal controls, including the relevant laws and regulations which have significant effects on the Company.

CORPORATE GOVERNANCE REPORT

The Company confirms that it has complied with the code provisions of the Code in relation to risk management and internal controls for the year ended 31 December 2025. The Board has also confirmed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as the ESG performance and reporting during the annual review of the risk management and internal control systems.

Internal Audit Department

The Group's Internal Audit Department plays a major role in monitoring the internal governance of the Company. The major responsibilities of the Internal Audit Department are performing independent review of the adequacy and effectiveness of the risk management and internal control systems, conducting comprehensive audits of the Group on a regular basis and examining key issues in relation to the accounting practices and all material controls, and provided its findings and recommendations for improvement to the Audit Committee.

Disclosure on Inside Information

The Company has formulated an inside information policy. Directors and employees are regularly reminded for the compliance of all policies related to inside information. Executive Directors and the Company Secretary of the Company are liable for assessing the impact of any unexpected material events on the stock price and trading volume, and determining whether such information should be regarded as inside information which shall be disclosed as soon as practicable pursuant to Rule 13.09 and Rule 13.10 of the Listing Rules and the provision of inside information under Part XIVA of the SFO.

Whistleblowing Program

The Company has formulated a sound mechanism of internal reporting, with whistleblowing channels through its official website, hotline and mailbox for staff and other relevant parties to raise concerns in confidence and anonymity about misconduct, malpractice or irregularities in any matters related to the Group. The Company will thoroughly investigate the clear and specific whistleblower clues and promise to protect and reward the whistleblower anonymously. Every reported case will be handled in confidence and followed through in accordance with the policy and procedures for notification of unethical conduct.

Codes of Integrity and Ethics

Apart from the strictly abiding by national law and regulations, international ethical standards, and anti-fraud standards, the Company established the "Code of Ethics" which regulates employees' ethics and behaviours from six dimensions, including non-legitimate interests, conflicts of interest, investment, information confidentiality, corporate assets and information accuracy. In addition, the Company's employee handbook also emphasizes that it is the responsibility of each employee to understand and abide by the "Code of Integrity", and clearly stating that no employee is allowed to solicit and receive benefits. To enhance employees' awareness of integrity, anti-corruption publicity tips are also posted in the workplaces and sales points. The Company believes that it can promote an ethical culture with self-disciplined working style and will strengthen anti-corruption and sustainability development in the Company, as well as eliminate improper and corrupt behaviours.

CORPORATE GOVERNANCE REPORT

F. Delegation by the Board

F.1 Management Functions

There is a clear division of responsibilities between the Board and the management. The Board formulates, directs and approves the Group's overall strategies, and monitors as well as controls the performance of the Group whilst execution of strategies and daily operations are delegated to the management. The Board gives clear directions about the management's power, and reviews the delegations to the management from time to time so as to ensure that they are suitable and continue to be beneficial to the Group.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports, announcements and circulars for the Board approval before publication, execution of business strategies and initiatives adopted by the Board, implementation and monitoring of internal control and risk management systems, and the compliance with relevant statutory requirements and rules and regulations.

F.2 Board Committees

The Company has established three Board Committees, namely, Audit Committee, Remuneration Committee and Nomination Committee, with specific terms of reference which clearly define their authorities and responsibilities.

All three Board Committees are required by their terms of reference to report to the Board with respect to their decisions, findings or recommendations.

F.3 Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in the code provision A.2.1 of the Code. During the year, the Board has performed, inter alia, the following:

- (a) developed and reviewed the Company's policies and practices on corporate governance;
- (b) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, as well as the training and continuous professional development of Directors; and
- (c) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

G. Shareholders Engagement

G.1 Shareholders Communication Policy

A Shareholders Communication Policy has been adopted by the Company to ensure that the Company's shareholders, both individual and institutional (collectively, the "Shareholders"), and, in appropriate circumstances, the investment community at large, are provided with complete, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company.

CORPORATE GOVERNANCE REPORT

G.2 Effective Communication

The management of the Company believes that an on-going dialogue and effective communication with the Shareholders and the investment community are essential. During the year, the Executive Directors and senior management met institutional investors, financial analysts and media regularly at analyst briefings, investor meetings, one-on-one group meetings, local conference and roadshows to keep them abreast of the Group's business and development. In addition, the Company makes full use of the internet to make information broadly available to the Shareholders. Electronic copies of annual and interim reports, slides presentation given at investor conferences, latest news, announcements, circulars and general information about the Group's businesses are made available on the Company's website at www.shimaofuwu.com. The Company's website also provides email address (ir@shimaowwy.com), postal address and telephone number, by which the Shareholders may at any time address their enquiries to the Board.

The annual general meeting provides a useful forum for the Shareholders to exchange views with the Board. The Company encourages the Shareholders to attend annual general meetings to ensure a high level of accountability and for Shareholders to stay informed of the Group's strategy and goals. The Directors, senior management and external auditor will attend the Shareholders' meetings to answer the questions of Shareholders.

Having considered the multiple channels of communication with the Shareholders are in place, the Board considered that the Shareholders Communication Policy has been properly implemented during the year and is effective.

G.3 Shareholders' Meetings

Voting at general meeting(s) of the Company must be taken by poll as set out in Rule 13.39(4) of the Listing Rules so that each share is entitled to one vote. The chairman of general meeting shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by way of a poll. Poll results are announced and posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited.

The Company's external auditor has attended the 2025 AGM, during which its representative was available to answer questions raised by the Shareholders. Details of attendance of the Directors in the 2025 AGM are set out in the table on page 48.

G.4 Dividend Policy

Policy on payment of dividends of the Company is in place setting out the factors in determination of dividend payment which shall include but not limited to the Group's overall financial condition, actual and future operations and liquidity position, and expected working capital requirements, capital expenditure requirements and future expansion plans. The policy will continue to be reviewed in light of the financial position of the Company, and submitted to the Board for approval if amendments are required.

H. Company Secretary

Ms. Chan Ka Yan is a full-time employee of the Company with professional qualifications and extensive experience to discharge the functions of Company Secretary of the Company. During the year, Ms. Chan undertook over 15 hours of professional training to update her skills and knowledge. The Company Secretary plays an important role in supporting the Board by ensuring efficient information flow within the Board and that Board procedures, and all applicable law, rules and regulations are followed. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary.

CORPORATE GOVERNANCE REPORT

I. Shareholders' Rights

I.1 Procedures for convening an extraordinary general meeting ("EGM")

Pursuant to Article 64 of the Articles of Association, any one or more Shareholders (including a recognised clearing house (or its nominees)) holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an EGM and/or add resolutions to the agenda of a meeting (the "EGM Requisitionists") shall at all times have the right, by depositing written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

The EGM Requisitionists can deposit the written request at the Company's principal place of business in Hong Kong (the "Principal Office"), which is presently situated at Unit 3820, 38th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The EGM Requisitionists must state in their request(s) the objects of the EGM, and such request must be signed by all the EGM Requisitionists, and may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The Company's branch share registrar and transfer office in Hong Kong will verify the EGM Requisitionists' particulars at the EGM Requisitionists' request. Promptly after receipt of confirmation from the Company's branch share registrar and transfer office in Hong Kong that the EGM Requisitionists' request is valid, the Company Secretary will arrange the Board to convene an EGM by serving sufficient notice to all the registered shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is confirmed invalid, the requested EGM will not be convened and notification will be made to the EGM Requisitionists accordingly.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the EGM Requisitionists' himself (or themselves) may do so in the same manner, and all reasonable expenses incurred by the EGM Requisitionists by reason of the Board's failure to duly convene an EGM shall be reimbursed to the EGM Requisitionists by the Company.

I.2 Procedures for putting forward proposals at general meeting(s)

There are no provisions allowing the Shareholders to propose new resolution(s) at a general meeting(s) under the Cayman Islands Companies Law. However, the Shareholders are requested to follow Article 64 of the Articles of Association for putting forward of the proposing resolution(s) at a general meeting(s). The requirements and procedures are set out above.

I.3 Procedures for proposing a person to be elected as a director of the Company

Pursuant to Article 114 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, unless notice in writing of intention to propose that person for election as a Director signed by a shareholder of the Company and notice in writing signed by that person of his willingness to be elected shall be lodged at the Company's Principal Office or at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The period for lodgement of the notices will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notice to the Company may be given will be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as Director are posted on the Company's website.

CORPORATE GOVERNANCE REPORT

I.4 Procedures for sending enquiries to the Board

The Company welcomes the Shareholders' views and concerns relating to the Group's management and corporate governance. Shareholders may at any time send their enquiries in respect of the Company via email address ir@shimaowy.com.

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customer service hotline at (852) 2980 1333.

J. Constitutional Documents

During the year ended 31 December 2025, there was no change in the memorandum and articles of association of the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Executive Directors

Hui Sai Tan, Jason (Chairman)

Mr. Hui Sai Tan, Jason, aged 49, has been the Chairman and an Executive Director of the Company since 1 June 2020 and is primarily responsible for the overall strategic planning and business management of the Group. Mr. Jason Hui obtained a Master of Science Degree in Real Estate from the University of Greenwich, the United Kingdom in 2001 and a Master's Degree in Business Administration from the University of South Australia in 2004. He has more than 27 years' experience in property development and management. He is a member of Shanghai Committee of the Chinese People's Political Consultative Conference and the president of New Home Association, Hong Kong. Mr. Jason Hui is currently an executive director, the president and the chairman of the board of Shimao Group Holdings Limited ("Shimao Group Holdings", together with its subsidiaries, the "Shimao Group"), the ultimate holding company of the Company listed on the main board of The Stock Exchange of Hong Kong Limited (the "HKEx"). Mr. Jason Hui is also a director of Best Cosmos Limited, a wholly-owned subsidiary of Shimao Group Holdings and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and Shanghai Shimao Co., Ltd., a subsidiary of Shimao Group Holdings delisted on the Shanghai Stock Exchange in June 2024. Mr. Jason Hui is the son of Mr. Hui Wing Mau, the ultimate controlling shareholder (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on the HKEx) of the Company, and the brother of Ms. Hui Mei Mei, Carol, a non-executive director of Shimao Group Holdings.

Shao Liang (President)

Mr. Shao Liang, aged 48, was appointed as an Executive Director and the President of the Company on 26 April 2024 and is primarily responsible for the overall strategic planning and operations of the Group. Mr. Shao is currently a non-executive director of Shimao Group Holdings and was the group vice president and head of production and operation management center of the Shimao Group, responsible for the overall management of the Shimao Group's production operation. Mr. Shao obtained a Bachelor's Degree in Economic Management in 2001 and joined the Shimao Group in the same year, and successively served as an assistant president, the head of sales management center and controller of the regional sales of the Shimao Group, accumulating over 25 years of extensive experience in sales and operation management.

Independent Non-executive Directors

Zhou Xinyi

Ms. Zhou Xinyi, formerly known as Zhou Xiaorong, aged 63, was appointed as an Independent Non-executive Director of the Company on 13 October 2020 and is responsible for providing independent advice on the operations and management of the Group. Ms. Zhou is the chairman and president of The Qianhai Chamberlain Institute (Shenzhen) Co., Ltd. (前海勤博教育科技(深圳)有限公司). Ms. Zhou served as the dean of Shenzhen Property Management and Advanced Training College Co., Ltd. (深圳房地產和物業管理進修學院有限公司) from August 1996 to October 2017 and a deputy general manager of Shenzhen Shentou Education Co., Ltd. (深圳市深投教育有限公司), an educational institution engaged in providing educational and vocational training services, from March 2017 to January 2018. Ms. Zhou was an honorary vice president of the Fifth Council Committee of China Property Management Association (中國物業管理協會). Ms. Zhou obtained a Bachelor's Degree in English Languages and Literature from Nanjing University (南京大學) in the PRC in July 1984 and a Master's Degree in Educational Psychology from Stanford University in the United States in June 1989.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Hui Wai Man, Lawrence

Mr. Hui Wai Man, Lawrence, aged 69, was appointed as an Independent Non-executive Director of the Company on 24 August 2022 and is responsible for providing independent advice on the operations and management of the Group. Mr. Lawrence Hui obtained a Bachelor's Degree in Arts from Manchester Polytechnic, the United Kingdom (now known as Manchester Metropolitan University) in 1982 and has over 43 years' experience in corporate finance, project finance, taxation, accounting and audit. Mr. Lawrence Hui worked in a number of companies, including as an executive director and chief financial officer of several companies including Guangdong Tannery Limited (now known as Namyue Holdings Limited), Guangnan (Holdings) Limited (now known as GDH Guangnan (Holdings) Limited) and Kingway Brewery Holdings Limited (now known as Guangdong Land Holdings Limited), finance manager of Cheung Kong (Holdings) Limited (now reorganised as CK Hutchison Holdings Limited), general manager (corporate finance, leasing and property sales) of Sino Land Company Limited and group financial controller of Lai Fung Company Limited. Mr. Lawrence Hui has been the vice president and chief financial officer of Shimao Group Holdings, the ultimate holding company of the Company, from November 2005 to April 2013. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Association of Chartered Certified Accountants and The Institute of Chartered Accountants in England and Wales.

Senior Management

The Executive Directors of the Company are members of senior management of the Group.

Change in Information of Directors

The change in the information of the Directors of the Company since the publication of the 2025 Interim Report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of Change
Mr. Gu Yunchang	Resigned as an Independent Non-executive Director, the Chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee of the Company on 18 March 2026

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors and Senior Management Profiles".

INFORMATION FOR SHAREHOLDERS

ANNUAL REPORT

This annual report is now available in printed form and on the websites of the Company (www.shimaofuwu.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). If shareholders who have received or chosen (or are deemed to have chosen) to receive this annual report by electronic means but (i) wish to receive a printed copy; or (ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("Tricor Investor") by email at 873-ecom@vistra.com or by post to 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website to help protect the environment. For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify Tricor Investor by email or by post.

ANNUAL GENERAL MEETING ("AGM")

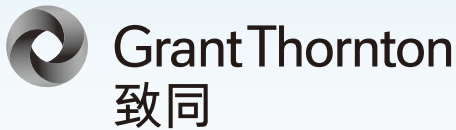
The 2026 AGM will be held on Monday, 22 June 2026. The notice of the 2026 AGM, which constitutes part of the circular to shareholders, is sent together with this annual report. The notice of the 2026 AGM and the proxy form are also available on the Company's website.

CLOSURE OF REGISTER OF MEMBERS ("ROM")

For determining shareholders' eligibility to attend and vote at the 2026 AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 12 June 2026
Closure of ROM	from Monday, 15 June 2026 to Monday, 22 June 2026 (both days inclusive)

INDEPENDENT AUDITOR'S REPORT



To the shareholders of Shimao Services Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Shimao Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 164, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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.

Key Audit Matters

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

Impairment of trade receivables and other receivables

(Refer to Notes 2.3(j), 4, 23 and 24 to the consolidated financial statements)

Key audit matter	How our audit addressed the key audit matter
We identified the impairment of trade receivables and other receivables as a key audit matter due to the significance of the trade receivables and other receivables to the consolidated financial statements and significant judgment involved by the management in the impairment assessment process.	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> Understanding the key controls on how the loss allowance for trade and other receivables are estimated by the management;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (CONTINUED)

Impairment of trade receivables and other receivables (continued)

(Refer to Notes 2.3(j), 4, 23 and 24 to the consolidated financial statements)

Key audit matter**How our audit addressed the key audit matter**

The Group estimates the loss allowance for trade receivables and other receivables using expected credit loss ("ECL") model in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9"). Management applied the simplified approach under HKFRS 9 to measure the lifetime ECL of trade receivables. The ECL on trade receivables are assessed individually for related parties and debtors with significant balances or that are credit-impaired and/or collectively for the remaining debtors based on the Group's internal credit rating, historical credit loss experience and expected settlement dates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period. The loss allowance amounts of the credit-impaired trade receivables and other receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As at 31 December 2025, the carrying amounts of trade receivables and other receivables of the Group were approximately RMB3,911,763,000 and RMB629,612,000 respectively. The Group's impairment losses on trade receivables and other receivables as at 31 December 2025 amounting to approximately RMB1,473,691,000 and RMB99,893,000, respectively.

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

- Understanding how the ageing analysis of trade receivables are prepared by the management;
- Testing the accuracy of the ageing analysis of the trade receivables to the sale invoices, on a sample basis;
- Involving our internal valuation experts to evaluate the management judgement in assessing the valuation methodology;
- Evaluating the management's basis and judgement in determining credit loss allowance on trade receivables and other receivables as at 31 December 2025, including their identification of trade and other receivables with significant balances or that are credit-impaired, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix;
- Evaluating the basis of estimated loss rates applied in related parties and each debtor with significant balances or that are credit-impaired (with reference to the external credit rating, historical settlement records, past due status, current economic and market conditions and the forward-looking information);
- Evaluating the reasonableness and appropriateness of historical settlement records, past due status, current economic and market conditions and the forward-looking information specific to the debtors used in determining estimated loss rates applied in each category in the provision matrix in calculation of the loss allowance; and
- Assessing whether the disclosures regarding the impairment assessment of trade and other receivables in the consolidated financial statements are sufficient and appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (CONTINUED)

Impairment assessment of goodwill and identifiable intangible assets arising from business combinations*(Refer to Notes 2.3(d), 4 and 20 to the consolidated financial statements)***Key audit matter****How our audit addressed the key audit matter**

We identified the impairment of goodwill and identifiable intangible assets arising from business combinations as a key audit matter due to significant judgment and estimation involved in the preparation of the discounted cash flows used in the impairment assessment.

In determining the recoverable amount, the Group's management assessed the value in use of the cash generating units by discounting the estimated future cash flows expected to arise from the cash generating units to the present value. Significant judgment and assumptions were required in the process such as the use of discount rates, budgeted revenue, revenue growth rate and gross profit margin during the forecast period as set out in Note 4 to the consolidated financial statements.

As at 31 December 2025, the Group had goodwill and customer relationship of approximately RMB1,242,761,000 and RMB362,691,000, respectively, which arose from the Group's business combinations. The Group's aggregated impairment losses on goodwill and customer relationship as at 31 December 2025 amounting to approximately RMB828,288,000 and RMB126,464,000, respectively.

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

- Understanding the relevant key controls over the assessment of impairment of goodwill and identifiable intangible assets arising from business combinations;
- Obtaining the discounted cash flow analysis of the relevant cash generating unit prepared by the management and the Group's valuation experts, and checking its mathematical accuracy;
- Discussing with the management and the Group's valuation experts on appropriateness of the discount rate used;
- Evaluating the reasonableness of the key assumptions adopted in the discounted cash flow analysis with the involvement of our internal valuation experts, including the expected revenue growth rate and gross profit margin during the forecast period with reference to the historical data and future marketing plans of the Group;
- Testing data inputs in the discounted cash flow analysis, on a sample basis, against source documents;
- Evaluating the historical accuracy of the discounted cash flow analysis made by management by comparing the historical analysis made against the actual performance of the Group; and
- Assessing whether the disclosures of impairment testing in the consolidated financial statements are sufficient and appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors 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 as 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 directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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.

Grant Thornton Hong Kong Limited

Registered Public Interest Entity Auditor

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

27 March 2026

Wun Ho Chun

Practising Certificate No.: P08307

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	6	7,880,037	7,895,536
Cost of sales and services	6	(6,479,925)	(6,331,253)
Gross profit		1,400,112	1,564,283
Selling and marketing expenses		(109,540)	(116,258)
Administrative expenses		(699,268)	(827,492)
Loss on disposal of subsidiaries	38(b)	(266)	(589,143)
Impairment losses on financial assets – net	7	(399,553)	(142,878)
Impairment losses on intangible assets	20	(65,027)	(45,829)
Impairment losses on assets classified as held for sales	26	–	(2,306)
Provision for inventories		(1,184)	(31,818)
Other income	10	15,048	25,330
Other gains and losses – net	11	27,725	15,023
Other operating expenses		(6,516)	(6,626)
Operating profit/(loss)		161,531	(157,714)
Finance income		23,383	31,501
Finance costs		(1,477)	(30,879)
Finance income – net	12	21,906	622
Share of results of associates	16	1,755	9,348
Profit/(Loss) before income tax	7	185,192	(147,744)
Income tax expense	13	(50,551)	(75,214)
Profit/(Loss) for the year		134,641	(222,958)
Profit/(Loss) attributable to:			
– Equity holders of the Company		103,300	(272,363)
– Non-controlling interests		31,341	49,405
		134,641	(222,958)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit/(Loss) for the year		134,641	(222,958)
Other comprehensive expense for the year, net of tax			
<i>Item that will be reclassified subsequently to profit or loss</i>			
– Exchange differences on translation of foreign operations		(2,378)	(6,613)
Total comprehensive income/(expense) for the year		132,263	(229,571)
Total comprehensive income/(expense) attributable to:			
– Equity holders of the Company		100,922	(278,976)
– Non-controlling interests		31,341	49,405
		132,263	(229,571)
Earnings/(Loss) per share			
– Basic (RMB)	14	0.04	(0.11)
– Diluted (RMB)	14	0.04	(0.11)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	17	471,191	338,593
Right-of-use assets	18	25,685	43,484
Investment properties	19	16,403	17,337
Intangible assets	20	2,153,934	2,101,162
Deferred tax assets	34	399,777	280,898
Investments in associates	16	590,442	502,204
Financial assets at fair value through profit or loss ("FVPL")	21	583,417	5,619
Prepayments, deposits and other receivables	24	417,026	49,247
Total non-current assets		4,657,875	3,338,544
Current assets			
Financial assets at fair value through profit or loss	21	114,580	138,703
Inventories	22	27,312	174,346
Trade receivables	23	3,911,763	3,378,267
Prepayments, deposits and other receivables	24	1,145,452	2,119,426
Restricted bank balances	25	101,094	37,489
Time deposits with maturity over three months	25	1,500,000	1,600,129
Cash and cash equivalents	25	1,491,273	2,164,112
Assets classified as held for sale	26	8,291,474	9,612,472
		–	36,462
Total current assets		8,291,474	9,648,934
Current liabilities			
Trade payables	31	1,623,199	1,412,288
Deposits received, accruals and other payables	32	1,480,190	1,602,571
Contract liabilities	6(a)	1,193,063	1,287,690
Income tax liabilities		532,380	416,177
Borrowings	30	4,495	–
Lease liabilities	33	8,024	20,138
Liabilities directly associated with assets classified as held for sale	26	4,841,351	4,738,864
		–	29,203
Total current liabilities		4,841,351	4,768,067
Net current assets		3,450,123	4,880,867
Total assets less current liabilities		8,107,998	8,219,411

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	33	16,768	23,628
Deferred tax liabilities	34	92,487	132,124
Provisions for other liabilities and charges	29	22,234	22,688
Deposits received, accruals and other payables	32	6,629	1,928
Total non-current liabilities		138,118	180,368
Net assets		7,969,880	8,039,043
Equity			
Share capital	27	21,358	21,358
Reserves		7,726,060	7,637,394
Equity attributable to equity holders of the Company		7,747,418	7,658,752
Non-controlling interests		222,462	380,291
Total equity		7,969,880	8,039,043

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements were approved by the Board of Directors on 27 March 2026 and were signed on its behalf by:

Hui Sai Tan, Jason
Director

Shao Liang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium*	Statutory reserves*	Other reserves*	Treasury reserve*	Retained earnings*	Total		
	RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000	RMB'000		
Balance at 1 January 2024	21,358	8,416,063	249,499	(1,706,786)	(7,461)	943,767	7,916,440	729,713	8,646,153
Loss for the year	-	-	-	-	-	(272,363)	(272,363)	49,405	(222,958)
Other comprehensive expense	-	-	-	(6,613)	-	-	(6,613)	-	(6,613)
Total comprehensive expense for the year	-	-	-	(6,613)	-	(272,363)	(278,976)	49,405	(229,571)
Equity-settled share-based payment (Note 35)	-	-	-	1,159	-	-	1,159	-	1,159
Lapse of shares under equity-settled share-based payment	-	-	-	(1,903)	-	1,903	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(51,365)	(51,365)
Disposal of subsidiaries (Note 38(b))	-	-	-	-	-	-	-	(330,487)	(330,487)
Acquisition of non-controlling interests (Note 38(a))	-	-	-	20,129	-	-	20,129	(20,129)	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	3,154	3,154
Appropriation to statutory reserves	-	-	23,134	-	-	(23,134)	-	-	-
Balance at 31 December 2024	21,358	8,416,063	272,633	(1,694,014)	(7,461)	650,173	7,658,752	380,291	8,039,043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2025

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium*	Statutory reserves*	Other reserves*	Treasury reserve*	Retained earnings*	Total		
	RMB'000 (Note 27)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000 (Note 28)	RMB'000	RMB'000		
Balance at 1 January 2025	21,358	8,416,063	272,633	(1,694,014)	(7,461)	650,173	7,658,752	380,291	8,039,043
Profit for the year	-	-	-	-	-	103,300	103,300	31,341	134,641
Other comprehensive expense	-	-	-	(2,378)	-	-	(2,378)	-	(2,378)
Total comprehensive income for the year	-	-	-	(2,378)	-	103,300	100,922	31,341	132,263
Equity-settled share-based payment (Note 35)	-	-	-	(292)	-	-	(292)	-	(292)
Lapse of shares under equity-settled share-based payment	-	-	-	(1,083)	-	1,083	-	-	-
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(75,737)	(75,737)
Disposal of subsidiaries (Note 38(b))	-	-	-	-	-	-	-	(3,193)	(3,193)
Acquisition of non-controlling interests (Note 38(a))	-	-	-	(11,964)	-	-	(11,964)	(114,580)	(126,544)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	4,340	4,340
Appropriation to statutory reserves	-	-	11,592	-	-	(11,592)	-	-	-
Balance at 31 December 2025	21,358	8,416,063	284,225	(1,709,731)	(7,461)	742,964	7,747,418	222,462	7,969,880

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash from operations	37(a)	1,090,608	251,994
Interest received on bank deposits		23,383	31,501
Income tax paid		(92,864)	(82,129)
Net cash generated from operating activities		1,021,127	201,366
Cash flows from investing activities			
Investments in associates		(99,810)	(441,479)
Investment in financial assets at FVPL		(692,120)	–
Payment for acquisition of subsidiaries, net of cash acquired		(6,600)	(175,185)
(Payment)/Proceeds from disposal of subsidiaries, net of cash disposed	38(b)	(16,727)	137,917
Payments for property, plant and equipment		(313,392)	(84,218)
Proceeds from disposal of property, plant and equipment		10,884	39,638
Payments of acquisition of intangible assets		(609,322)	(225,471)
(Gain)/Loss on early termination of leases		(3,451)	4,235
Dividends from associates	16	13,327	9,642
Decrease/(Increase) in time deposits with maturity over three months	25	100,129	(600,129)
Net cash used in investing activities		(1,617,082)	(1,335,050)
Cash flows from financing activities			
Capital injection from non-controlling interests of subsidiaries		4,340	3,154
Payment for acquisition of non-controlling interests		(70,030)	(99,526)
Dividends paid to non-controlling interests		(14,993)	(76,389)
Proceeds from bank borrowings		4,495	31,000
Repayments of bank borrowings		–	(221,154)
Repayments of other borrowings		–	(51,246)
Interest paid on borrowings		–	(17,904)
Interest paid on other borrowings		–	(10,003)
Interest paid on lease liabilities	33(c)	(1,477)	(2,972)
Payments for lease liabilities	33(c)	(15,883)	(33,543)
Net cash used in financing activities		(93,548)	(478,583)
Net decrease in cash and cash equivalents		(689,503)	(1,612,267)
Cash and cash equivalents at beginning of year		2,183,639	3,788,300
Effects of exchange rate changes on cash and cash equivalents		(2,863)	7,606
Cash and cash equivalents at end of year		1,491,273	2,183,639
Analysis of balance of cash and cash equivalents:			
Bank balances and cash	25	1,491,273	2,164,112
Bank balances and cash included in assets classified as held for sale	26	–	19,527
		1,491,273	2,183,639

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. General information

Shimao Services Holdings Limited (the “Company”) was incorporated on 3 December 2019 under the laws of the Cayman Islands with limited liability. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box. 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business is located at Unit 3820, 38th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 October 2020.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services in the People’s Republic of China (the “PRC”).

The Company’s immediate holding company is Best Cosmos Limited (“Best Cosmos”), a company incorporated in the British Virgin Islands (the “BVI”) and intermediate holding company is Shimao Group Holdings Limited (“Shimao Group”) whose shares are listed on the Stock Exchange since 5 July 2006. In the opinion of the directors of the Company, the Company’s ultimate holding company is Gemfair Investments Limited, a company incorporated in the BVI which is wholly owned by Mr. Hui Wing Mau (the “Ultimate Controlling Shareholder”).

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“HKFRS Accounting Standards”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The adoption of new or amended HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed in Note 2.2.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are carried at fair value at the end of the reporting period. Assets classified as held for sale are stated the lower of carrying amount and fair value less costs to sell. The measurement bases are explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. All values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.2 Adoption of new and amended HKFRS accounting standards**Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025**

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments do not have a material impact on the Group’s consolidated financial statements.

Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.2 Adoption of new and amended HKFRS accounting standards (CONTINUED)**Issued but not yet effective HKFRS Accounting Standards (continued)****HKFRS 18 “Presentation and Disclosure in Financial Statements” and related amendments to Hong Kong Interpretation 5**

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statement items but will affect their presentation. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax”, and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The Directors are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as “Other”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.2 Adoption of new and amended HKFRS accounting standards (CONTINUED)**Issued but not yet effective HKFRS Accounting Standards (continued)****Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”**

The major changes introduced by the amendments to HKFRS 9 and HKFRS 7 are summarised as follows:

- clarification of the recognition and derecognition dates for certain financial assets and liabilities, with the introduction of a new exception for certain financial liabilities settled through an electronic cash transfer system;
- clarification of, and additional guidance on, the assessment of whether a financial asset meets the solely payments of principal and interest (“SPPI”) criterion;
- introduction of new disclosure requirements for certain financial instruments with contractual terms that may change cash flows (for example, instruments with features linked to the achievement of environment, social and governance targets); and
- updates to the disclosure requirements for equity instruments designated at fair value through other comprehensive income (“FVOCI”).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 and are to be applied retrospectively, with an adjustment to opening retained earnings. The amendments relating to the classification of financial assets and the related disclosures may be early adopted, while the remaining amendments may be applied subsequently. The directors of the Company expect that the amendments will not have a material impact on the Group’s consolidated financial statements.

2.3 Material accounting policies

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

(a) Basis of consolidation

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

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns. When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group’s voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)

(a) Basis of consolidation (continued)

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(b) Business combinations and goodwill**

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

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase. And subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash – generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)

(c) Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, investment properties, intangible assets, investments in associates and the Company's investments in subsidiaries are subject to impairment testing.

Goodwill are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(d) Impairment of non-financial assets (continued)**

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generated-units (“CGU”). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

(e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, is stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (“HKFRS 5”), as further explained in the accounting policy for “Non-current assets and disposal groups held for sale” (Note 2.3(g)). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Construction in progress are stated at cost less impairment losses. Cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to the appropriate category of assets within property, plant and equipment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(e) Property, plant and equipment (continued)**

Depreciation is calculated using the straight-line method to allocate their cost to their residual values, over the shorter of their estimated useful lives or, in case of leasehold improvements, lease term, as follows:

	Estimated useful lives
Buildings	50 years or the remaining lease period of the land use rights, whichever is shorter
Office equipment	5 years
Machinery and equipment	5 years
Vehicles	5 years
Leasehold improvements	Over the shorter of their estimated useful lives or lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised within "Other gains and losses – net" in consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(f) Investment properties

Investment properties, representing commercial properties held for leases, are held for rental yields and are not occupied by the Group.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives of 20 to 40 years and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

(g) Non-current assets and disposal groups held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(h) Intangible assets**

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

(i) Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 to 10 years). The Group's computer software mainly includes the acquired software license for financial systems. Based on the current functionalities equipped by the software and the Group's daily operation needs, the Group considers useful lives of 5 to 10 years are the best estimation under the current financial reporting needs.

(ii) Research and development

Costs associated with research and development software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria in above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(h) Intangible assets (continued)****(iii) Customer relationship**

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 96 to 120 months for the customer relationship. The useful life of 96 to 120 months for customer relationship is determined with reference to the directors' best estimate of the expected contract period for property management services with customers (including renewal) based on the historical renewal pattern and the industry practice.

(iv) Brand name

Brand name acquired in the business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method with the estimated useful live of 8 years.

(i) Leases

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.

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Lease" at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee**Allocation of consideration to components of a contract**

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(i) Leases (continued)****The Group as a lessee (continued)****Right-of-use assets (continued)**

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(j) Financial assets**

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

Classification and subsequent measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCI and FVPL.

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

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

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

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

A financial asset is classified as held for trading if:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(j) Financial assets (continued)****Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("ECL") assessment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating and recognising interest income and interest expense in consolidated profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but not considering the expected credit losses.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting period, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Accounting policy of impairment of financial assets measured at amortised cost is stated below.

Interest income which are derived from the Group's ordinary course of business are presented as other income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(j) Financial assets (continued)****Impairment of financial assets and other items subject to impairment of assets under HKFRS 9**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. For all other financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

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

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

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

Note 3(c) details how the Group determines whether there has been a significant increase in credit risk. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(j) Financial assets (continued)****Impairment of financial assets and other items subject to impairment of assets under HKFRS 9 (continued)****Default**

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(j) Financial assets (continued)****Impairment of financial assets and other items subject to impairment of assets under HKFRS 9 (continued)****Measurement and recognition of ECL (continued)**

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

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

At the end of each reporting period, the estimated default rates are reassessed and changes in the forward-looking estimates are considered.

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

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

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

(k) Financial liabilities**Classification and subsequent measurement**

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities subsequently measured at amortised cost

After initial recognition, the financial liabilities including trade payable, deposits received, accruals and other payables, lease liabilities, dividend payables and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(k) Financial liabilities (continued)****Financial liabilities measured at FVPL**

Financial liabilities at FVPL include contingent consideration of an acquirer in a business combination. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequently to initial recognition, the changes in fair value of the financial liabilities measured at fair value is recognised in profit or loss in the period in which they arise.

Derecognition of financial liabilities

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

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(m) Inventories**(i) Carparks**

Costs of purchased carparks are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(ii) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Costs of other inventories is determined using the first-in first-out 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.

(n) Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (i) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)

(o) Provisions

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

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

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

(p) Share capital

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.

Where any group company purchases the Company's share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to equity holders of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Company.

(q) Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(q) Income tax (continued)**

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly to equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Government grants

Governments grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and other comprehensive income.

(s) Borrowing costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(t) Employee benefits****(i) 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.

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

(ii) 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 insurance plan. 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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(u) Revenue recognition**

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

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

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

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

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

Contract liabilities

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

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

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

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

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

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

Output method

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(u) Revenue recognition (continued)****Principal versus agent**

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

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

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

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

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

Property management services

Property management services mainly includes security, cleaning, greening and gardening, repair and maintenance as a subcontractor to construction companies, property owners, gardening companies and other property management companies. The Group recognises revenue on a gross basis when the services are rendered.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(u) Revenue recognition (continued)****Community value-added services**

Community value-added services mainly include community asset management services, home decoration services, carpark asset operation services, smart community solutions, campus value-added services and new retail services of selling commodities to customers through online and offline communities, as well as elderly care services.

The Group provides community asset management services, which is leasing common spaces and public facilities owned by property owners to third parties. The Group provides agency services for property owners and recognises the commission on a net basis, which is calculated by a portion of rental income in accordance with an agreed-upon percentage at the point in time when the rental agreement is signed.

The Group provides home decoration services, mainly including supply chain services of decoration materials and marketing and promotion services. For supply chain services of decoration materials provided to third party home furnishing companies, revenues are recognised on a gross basis as the Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified goods when the goods are delivered to customers. For marketing and promotion services provided to third party service providers who provides renovation services to property owners, the Group charges a fixed upfront fee and recognises such fee as revenue over the period that the service providers are entitled to use the platform provided by the Group. When the gross sales amount of the renovation services exceed certain threshold and the Group is entitled to charge a variable fee based on the certain pre-determined percentage of the excessive gross sales amount of the services to property owners and the revenue there on is recognised when condition is met.

The Group provides carpark asset operation services, mainly including carpark sales agency service, carpark sales business and public parking areas rental service. For carpark sales agency service provided to property owners and property developers, the Group acts as an agent in the carpark sales agency service as the Group is not the primary obligor to provide the carpark to property owners and the Group has no inventories risk and pricing discretion in sales of carparks. The Group recognises the commission on a net basis, which is calculated by a percentage of the sales price when the carpark is delivered to property owners. For carpark sales business, the Group acts as a principal in carpark sales business as the Group obtains control of the carparks before the control of carparks transferred to property owners. Revenues are recognised when or as the control of the carparks is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the carpark is transferred at a point in time. For public parking areas rental service, the Group leases public parking areas owned by property owners to third parties, The Group provides agency services for property owners and recognises the commission on a net basis, which is calculated by a portion of rental income in accordance with an agreed-upon percentage at the point in time when the rental agreement is signed.

The Group provides smart community solutions and sells intelligent hardware devices and software to property owners, property developers, technology companies, and other property management companies, and provides software maintenance services to other property management companies. The Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified goods or services, revenue is recognised on gross basis when the goods or services are delivered to customers. For software maintenance services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. Accordingly, revenue is recognised on a straight-line basis over the specified period.

The Group also provides the technical solutions services and carry out data analytics and mobile APP mini-program development for big data marketing and demand generation for its property and community users. The Group provides agency services for property and community users and recognises revenue on a net basis as the Group is not primarily responsible for fulfilling the obligation to provide specified services at the point in time when the services are delivered to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)

(u) Revenue recognition (continued)

Community value-added services (continued)

The Group provides campus value-added services, mainly including catering services, accommodation services and business trading services. For catering services provided to teachers, students and staff who dine on campus. The Group recognises the fee received or receivable from payment by customers as its revenue and all related catering services costs as its cost of service. The Group recognises its presentation of its catering services revenue on a gross basis when the services are rendered. For accommodation services provided to students and people participating in summer camp projects or other short-term programs, control of the accommodation service is transferred over time as the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs. Therefore, the accommodation fees are recognised proportionately over the school year or the duration of customers' stay. The Group made payments to certain schools to obtain the operation right of the students' apartments. The payments are considered as payment to customers and deducted from the revenue on a straight-line basis within 31 to 42 years based on such operation periods. The Group recognises accommodation services revenue on a gross basis when the services are rendered. For business trading services, The Group sells a wide range of products to customers on campus. The Group recognises revenues from the sale of products on a gross basis as the Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified foods to customers. The Group recognises revenue at the point when the goods are delivered to customers and all the related costs of purchased goods as the costs of revenue.

The Group provides new retail services of selling commodities to customers through online and offline communities. The Group recognises revenues from the sale of commodities on a gross basis as the Group acts as a principal in these transactions and is responsible for fulfilling the obligation to provide the specified goods when the goods are delivered to customers.

The Group provides elderly care related services. These services are provided under our own contracts with our customers. Revenue from services rendered is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group.

Value-added services to non-property owners

Value-added services to non-property owners mainly include display units and property sales venue management services and preliminary planning and design consultancy services to property developers at the pre-delivery stage, repair and maintenance management services to property developers during the warrant period of the residential units. The Group agrees the price for each service with the property developers upfront and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group recognises its presentation of these services revenue on a gross basis when the services are rendered.

The Group also provides the engineering services and carry out construction and engineering jobs such as electrical and electronic work, interior decoration, landscaping and other civil work for work and living spaces to property developers. The Group recognises revenue on a net basis as the Group is not primarily responsible for fulfilling the obligation to provide specified services at the point in time when the services are delivered to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(u) Revenue recognition (continued)****City services**

The Group provides city services, mainly city operation services, city upgrades services and city asset management services to relevant government bodies. For city operation services, the Group provides the city lighting design services and infrastructure maintenance services and recognises revenue on a gross basis when the services are rendered. For city upgrades services, the Group acts as principal and is primarily responsible for providing the general property management services to the under-maintained and underserved communities by on-site staff which the labour costs are borne by the Group. For city asset management services, the Group provides agency services for relevant government bodies and recognises the commission on a net basis, which is calculated by a portion of rental income in accordance with an agreed-upon percentage at the point in time when the rental agreement is signed. The Group agrees the price for each service with relevant government bodies upfront and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

The Group also provides construction services under service concession arrangements. Revenue from the construction services is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced.

Revenue from other sources

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes and loans to related parties. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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 and non-executive directors that makes strategic decisions.

(w) Foreign currency translation**(i) Functional and presentation currency**

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

(ii) 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 within "Other losses – net" in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(w) Foreign currency translation (continued)****(iii) Group companies**

The results and financial position of foreign operations (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 end of the reporting period;
- income and expenses for each statement of profit or loss and other 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.

(x) Dividend distribution

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

(y) Share-based payments

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

All employee services received in exchange for the grant of any share-based payments are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability, sales growth targets and performance conditions).

All share-based payments is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately with a corresponding increase in the "Other reserves" in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested awarded shares ultimately exercised by holders does not impact the expense recorded in any period.

For the share award scheme of the Company, the Group purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as "Treasury reserve" as a deduction under equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the "Treasury reserve", and the related fair value of the awarded shares are debited to "Other reserves" with the difference charged/credited to "Retained earnings".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(y) Share-based payments (continued)**

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of share-based payments scheme is reflected as additional share dilution in the computation of earnings per share.

(z) Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

2.3 Material accounting policies (CONTINUED)**(z) Related parties (continued)**

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

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

(aa) Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies

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

(a) Foreign currency risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. The Group is exposed to foreign exchange risk primarily through cash and bank balances that are denominated in a currency other than the functional currency of the operations in which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars "HK\$" and United States dollars "US\$".

The carrying amounts of the Group's cash and bank balances denominated in a currency other than the functional currencies of the Group entities in net position as at the end of reporting period are as follows:

	Assets	
	2025 RMB'000	2024 RMB'000
HK\$	28,809	101,509
US\$	5,273	16,407

Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) after income tax and retained earnings that would arise if the foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variable remained constant.

	2025			2024		
	Increase/ (Decrease) in foreign exchange rates	Increase/ (Decrease) on profit after income tax RMB'000	Increase/ (Decrease) on retained earnings RMB'000	Increase/ (Decrease) in foreign exchange rates	(Decrease)/ Increase on loss after income tax RMB'000	Increase/ (Decrease) on retained earnings RMB'000
HK\$	5% (5%)	1,080 (1,080)	1,080 (1,080)	5% (5%)	(3,807) 3,807	3,807 (3,807)
US\$	5% (5%)	198 (198)	198 (198)	5% (5%)	(615) 615	615 (615)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after income tax (2024: loss after income tax) and retained earnings measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(b) Interest rate risk**

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. Borrowings issued at fixed rates and lease liabilities expose the Group to fair value interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than cash and cash equivalents, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of the interest-bearing assets are not expected to change significantly.

As at 31 December 2025 and 2024, the Group has no floating-interests-rate interest bearing liabilities.

(c) Credit risk

The Group is exposed to credit risk in relation to its trade and notes receivables, deposits and other receivables and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis. It considers available reasonable and supportive forward-looking information.

The Group has two types of assets that are subject to the expected credit loss model:

- Trade and notes receivables; and
- Other financial assets at amortised cost.

(i) Trade and notes receivables

As part of the Group's credit risk management, the Group monitors procedures to ensure that follow-up action is taken to recover overdue debts and applies internal credit rating for its customers by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. The Group applies simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade and notes receivables. The Group performs impairment assessment under ECL model on trade and notes receivables individually and/or based on provision matrix.

Except for related parties and customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade and notes receivables, representing a large number of small customers are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over past three years and the corresponding historical credit losses experienced within the period. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic growth is the most relevant factor, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(c) Credit risk (continued)****(i) Trade and notes receivables (continued)**

Related parties and individual customers with significant balances are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward-looking information at the end of each reporting period. In assessing forward-looking information, the Group consider macroeconomic factors, industry risks and changes in debtor's conditions.

The Group rebutted the presumption of default under ECL model for trade and notes receivables over 90 days past due based on the good repayment records for those customers with continuous partial settlement.

The loss allowance provision for the trade and notes receivables was determined as follows:

	Third parties						Related parties	Total
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025								
Expected credit loss rate	5%	17%	25%	52%	100%	100%	54%	27%
Gross carrying amount	2,242,327	1,185,354	330,444	284,282	316,409	92,058	934,580	5,385,454
Expected credit losses	121,360	206,290	84,179	149,164	316,409	92,058	504,231	1,473,691
As at 31 December 2024								
Expected credit loss rate	5%	16%	26%	61%	100%	100%	57%	23%
Gross carrying amount	2,362,256	497,878	350,570	334,872	82,014	8,071	753,435	4,389,096
Expected credit losses	116,146	82,045	90,468	202,627	82,014	8,071	429,458	1,010,829

Trade 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 a failure to make contractual payments for a long period.

Impairment losses on trade receivables are presented as "Impairment losses on financial assets – net" within operating profit/(loss). Subsequent recoveries of amounts previously impaired are credited against the same line item.

The movement of allowance for impairment of trade receivables is disclosed in Note 23 to these consolidated financial statements.

Except for the balances with the related parties, concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(c) Credit risk (continued)****(ii) Other financial assets at amortised cost**

For the deposits and other receivables other than balances with related parties, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition. As at the end of the reporting period, the balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. The management considered that the identified impairment loss under expected credit loss model was immaterial.

Related parties are assessed individually for the credit risk and risk of default. The Group uses the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward-looking information at the end of each reporting period. In assessing forward-looking information, the Group consider macroeconomic factors, industry risks and changes in debtor's conditions.

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

The Group estimated expected credit losses by applying a loss rate approach with reference to the historical loss record of Group. The loss rate is adjusted to reflect to the current conditions and forecasts of future economic conditions, as appropriate.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ Notes receivables	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL – not-credit impaired	12m ECL
Underperforming	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not-credit impaired	Lifetime ECL – not-credit impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(c) Credit risk (continued)**

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount 2025 RMB'000	Gross carrying amount 2024 RMB'000
Financial assets at amortised cost:					
Trade and notes receivables	23	Performing	Lifetime ECL (collective assessment)	3,359,759	3,045,567
		Performing	Lifetime ECL (individual assessment)	398,366	165,137
		Non-performing	Lifetime ECL (credit-impaired)	1,627,329	1,178,392
Deposits and other receivables, excluding prepayments and goods and services tax receivables	24	Performing	12m ECL	568,005	1,602,497
		Non-performing	Lifetime ECL (credit-impaired)	161,500	302,045
Cash and cash equivalents	25	N/A	12m ECL	1,491,273	2,164,112
Restricted bank balances	25	N/A	12m ECL	101,094	37,489
Time deposits with maturity over three months	25	N/A	12m ECL	1,500,000	1,600,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(d) Liquidity risk**

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

The table below set out the Group's financial liabilities by relevant maturity grouping at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months from the end of the reporting period equal to their carrying amounts in the consolidated statement of financial position, as the impact of discount is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2025						
Trade payables	1,623,199	–	–	–	1,623,199	1,623,199
Deposits received, accruals and other payables*	679,449	–	–	–	679,449	679,499
Borrowings	4,632	–	–	–	4,632	4,495
Lease liabilities	9,268	6,908	7,218	3,452	26,846	24,792
	2,316,548	6,908	7,218	3,452	2,334,126	2,331,985
As at 31 December 2024						
Trade payables	1,412,288	–	–	–	1,412,288	1,412,288
Deposits received, accruals and other payables*	858,309	–	–	–	858,309	858,309
Lease liabilities	20,930	10,885	15,946	3,103	50,864	43,766
	2,291,527	10,885	15,946	3,103	2,321,461	2,314,363

* Excluding non-financial liabilities of accrued payroll and other taxes payable

(e) 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 owners 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 shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for capital management during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(e) Capital management (continued)**

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at the end of each reporting period are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Borrowings (Note 30)	(4,495)	–
Lease liabilities (Note 33)	(24,792)	(43,766)
Less: Cash and cash equivalents (Note 25)	1,491,273	2,164,112
Net cash	1,461,986	2,120,346
Total equity	7,969,880	8,039,043
Gearing ratio	Note	Note

Note: The Group is at a net cash position and there is no gearing ratio as of 31 December 2025 and 2024.

(f) Fair value estimation**(i) Financial instruments not measured at fair value**

Except for the below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

(ii) Financial instruments measured at fair value

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

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

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)

(f) Fair value estimation (continued)

(ii) Financial instruments measured at fair value (continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets				
Financial assets at FVPL (Note 21)				
– Contingent consideration receivables arising from acquisitions of subsidiaries	–	–	5,877	5,877
– Wealth management products	–	110,000	–	110,000
– Unlisted equity investments	–	582,120	–	582,120
	–	692,120	5,877	697,997
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets				
Financial assets at FVPL (Note 21)				
– Contingent consideration receivables arising from acquisitions of subsidiaries	–	–	144,322	144,322

Wealth management products

The wealth management products are stated at fair value which are based on net assets value quoted by financial institution.

Unlisted equity investments

The unlisted equity investments are stated at fair value which are determined with reference to the net asset value of the unlisted equity investments, which mainly comprised bank balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

3. Financial risk management objectives and policies (CONTINUED)**(f) Fair value estimation (continued)****(ii) Financial instruments measured at fair value (continued)**

The following table presents the changes of assets/(liabilities) in Level 3 instruments for the reporting period:

	Financial assets at FVPL RMB'000 (Note 21)	Consideration payable arising from non-controlling shareholders' put option RMB'000	Purchase consideration RMB'000
At 1 January 2024	124,178	(50,513)	(412,264)
Payment	–	–	274,711
Transfer	–	50,513	137,553
Change in fair value recognised in the profit or loss (Note 11)	20,144	–	–
As at 31 December 2024 and 1 January 2025	144,322	–	–
Non-cash transaction	(167,028)	–	–
Change in fair value recognised in the profit or loss (Note 11)	28,583	–	–
As at 31 December 2025	5,877	–	–

There were no transfers between the three levels during the reporting periods.

The non-cash transaction mainly represents the settlement of the financial asset at FVPL arising from the relevant terms of profit guarantee of the sales and purchase agreement with the consideration payable of the acquisition and dividend payables to non-controlling interests.

The Group manages the valuation of Level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's Level 3 instruments by using valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

4. Critical accounting estimates and judgements

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

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

Revenue recognition

The Group provides certain value-added services to its customers, which involves the principal versus agent assessment. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to: (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; (c) whether the entity has discretion in establishing the prices for the specified service; and (d) whether the entity has discretion in selecting suppliers. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on different circumstances.

Provision of ECLs on other receivables

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

Advances to related parties included in other receivables will use lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account quantitatively and qualitatively reasonable and supportable forward-looking information including available counterparties' historical data and existing and forecast market conditions.

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

The information about the ECL on other receivables including the advances to related parties are disclosed in Notes 3(c)(ii) and 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

4. Critical accounting estimates and judgements (CONTINUED)**Provision of ECLs on trade receivables**

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

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

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

The information about the ECL on trade receivables are disclosed in Notes 3(c)(i) and 23.

Impairment of goodwill and identifiable intangible assets arising from business combination

For the purposes of goodwill impairment assessment, management considered each of the acquired property management groups a separate group of CGU and goodwill has been allocated to each of the acquired subsidiaries. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on value-in-use calculation. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate valuation method and the use of key assumptions in the valuation, which primarily include the discount rates, budgeted revenue, revenue growth rate and gross profit margin during the forecast period. The information about the goodwill is disclosed in Note 20(a).

5. Segment information

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

The CODM considers business from a product perspective and has identified the following two operating segments:

- Property management and related services, which include property management services, community value-added services and value-added services to non-property owners; and
- City services, which includes sanitation, cleaning and sewage and waste treatment business.

The CODM assesses the performance of the operating segments based on a measure of operating results, adjusted by excluding finance income, finance costs, other gains and losses – net, loss on disposal of subsidiaries, shares of results of associates and certain unallocated expenses.

All assets are allocated to operating segment assets other than deferred tax assets, investments in associates, certain financial assets at FVPL, assets classified as held for sales and other corporate assets. All liabilities are allocated to operating segment liabilities other than deferred tax liabilities, income tax liabilities, liabilities directly associated with assets classified as held for sale and borrowings.

Sales between segments are carried out on terms agreed upon by the respective segments' management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

5. Segment information (CONTINUED)

The principal operating entity of the Group is domiciled in the PRC. For the purpose of segment information disclosure under HKFRS 8 “Operating Segments”, the Group regard the PRC as its place of domicile. The Group’s revenue from external customers is classified based on the geographical locations of the customers and the details are disclosed above. Accordingly, 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 of the Group were located in the PRC.

The segment revenue and results are as follows:

	Property management services	City services	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025			
Reportable segment revenue	7,338,385	541,652	7,880,037
Reportable segment results	159,860	(11,629)	148,231
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	(387,145)	(12,408)	(399,553)
Impairment losses on intangible assets	(65,027)	–	(65,027)
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(140,125)	(18,638)	(158,763)
Amortisation of intangible assets	(152,608)	(1,217)	(153,825)
Year ended 31 December 2024			
Reportable segment revenue	6,948,070	947,466	7,895,536
Reportable segment results	375,590	50,131	425,721
Amounts included in the measure of segment results:			
Impairment losses on financial assets – net	(123,893)	(18,985)	(142,878)
Impairment losses on intangible assets	(45,829)	–	(45,829)
Impairment losses on assets classified as held for sales	(2,306)	–	(2,306)
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(136,232)	(26,169)	(162,401)
Amortisation of intangible assets	(146,855)	(17,737)	(164,592)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

5. Segment information (CONTINUED)

A reconciliation of segment results to profit/(loss) before income tax is provided as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Segment results	148,231	425,721
Other gains and losses – net	27,725	15,023
Share of results of associates	1,755	9,348
Loss on disposal of subsidiaries	(266)	(589,143)
Finance costs	(1,477)	(30,879)
Finance income	23,383	31,501
Unallocated expenses	(14,159)	(9,315)
Profit/(Loss) before income tax	185,192	(147,744)

The segment assets and liabilities are as follows:

	Property management services RMB'000	City services RMB'000	Total RMB'000
As at 31 December 2025			
Segment assets	10,183,770	271,619	10,455,389
Segment liabilities	4,216,262	133,845	4,350,107
As at 31 December 2024			
Segment assets	10,909,791	342,799	11,252,590
Segment liabilities	4,229,441	141,490	4,370,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

5. Segment information (CONTINUED)

Reconciliation of segment assets to total assets and segment liabilities to total liabilities provided as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Segment assets	10,455,389	11,252,590
Deferred tax assets	399,777	280,898
Investments in associates	590,442	502,204
Unallocated financial assets at fair value through profit or loss	692,120	–
Other corporate assets	811,621	915,324
Assets classified as held for sale	–	36,462
Total assets	12,949,349	12,987,478
Segment liabilities	4,350,107	4,370,931
Deferred tax liabilities	92,487	132,124
Income tax liabilities	532,380	416,177
Borrowings	4,495	–
Liabilities directly associated with assets classified as held for sale	–	29,203
Total liabilities	4,979,469	4,948,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

6. Revenue and cost of sales and services

Revenue mainly comprises of proceeds from property management services, value-added services and city services rendered to customers, net of value-added tax and surcharges, and allowances for discounts. An analysis of the Group's revenue and cost of sales and services by category for the years is as follows:

	Year ended 31 December			
	2025		2024	
	Revenue RMB'000	Cost of sales and services RMB'000	Revenue RMB'000	Cost of sales and services RMB'000
Revenue from customer and recognised over time:				
Property management services	5,816,459	4,737,361	5,564,305	4,443,480
Community value-added services	458,696	322,072	458,823	312,498
Value-added services to non-property owners	199,087	169,954	176,020	145,924
City services	541,652	475,489	947,466	818,361
	7,015,894	5,704,876	7,146,614	5,720,263
Revenue from customer and recognised at a point in time:				
Community value-added services	864,143	775,049	748,922	610,990
	7,880,037	6,479,925	7,895,536	6,331,253
Gross basis	7,646,090	6,366,678	7,683,770	6,219,243
Net basis	233,947	113,247	211,766	112,010
	7,880,037	6,479,925	7,895,536	6,331,253

For the year ended 31 December 2025, revenue from entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder contributed to 3.24% and 0.35% (2024: 2.94% and 0.36%) of the Group's revenue from property management services, community value-added services and value-added services to non-property owners, respectively. Other than entities controlled by the Ultimate Controlling Shareholder and joint ventures and associates of the Ultimate Controlling Shareholder, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

6. Revenue and cost of sales and services (CONTINUED)**(a) Contract liabilities**

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

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Property management services	886,067	932,138
Community value-added services	305,919	353,719
Value-added services to non-property owners	1,077	1,778
City services	–	55
	1,193,063	1,287,690
– Related parties (Note 39(d))	1,986	22,585
– Third parties	1,191,077	1,265,105
	1,193,063	1,287,690

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The decrease in contract liabilities in 2025 was mainly due to the decrease in short-term advances received customers in relation to the provision of property management services and community value-added services at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

6. Revenue and cost of sales and services (CONTINUED)**(b) Revenue recognised in relation to contract liabilities**

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
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Property management services	932,138	885,874
Community value-added services	353,719	362,347
Value-added services to non-property owners	1,778	1,466
City services	55	3,671
	1,287,690	1,253,358

Movement of contract liabilities is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
As at 1 January	1,287,690	1,253,358
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year	1,193,063	1,287,690
Decrease in contract liabilities as a result of recognising revenue during the year	(1,287,690)	(1,253,358)
	1,193,063	1,287,690

(c) Unsatisfied performance obligations

For property management services, part of value-added services and city 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 monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

For other value-added services related to property management, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

7. Profit/(Loss) before income tax

The Group's profit/(loss) before income tax is calculated after deducting the following expenses:

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Employee benefit expenses (excluding directors' and chief executive's remuneration)	8	2,989,465	3,408,299
Equity-settled share-based payment			
– Employees other than directors	8	(280)	688
– Directors	9(a)	(12)	471
		(292)	1,159
Impairment losses on financial assets – net			
– Third parties			
Impairment losses on trade receivables	23	400,964	169,805
Reversal of impairment losses on other financial assets included in deposits and other receivables	24	(65,488)	(9,315)
– Related parties			
Impairment losses on trade receivables	23	118,665	9,506
Reversal of impairment losses on other financial assets included in deposits and other receivables	24	(54,588)	(27,118)
Total impairment losses on financial assets – net		399,553	142,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

7. Profit/(Loss) before income tax (CONTINUED)

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Depreciation and amortisation:			
Depreciation of property, plant and equipment	17	139,670	128,277
Depreciation of right-of-use assets, included in administrative expenses	18	18,159	33,190
Depreciation of investment properties	19	934	934
Amortisation of intangible assets	20	153,825	164,592
		312,588	326,993
Auditor's remuneration			
– Annual audit services		3,300	3,300
– Non-audit services		500	500
		3,800	3,800
Cleaning cost		949,317	795,980
Greening and gardening costs		142,305	119,051
Security costs		614,161	685,503
Maintenance costs		385,144	312,185
System operation and upgrade costs		58,876	41,307
City services cost		475,489	818,361
Cost of inventories sold		254,120	141,164
Cost of selling parking lots		198,519	12,521
Raw materials used in catering services		112,292	123,724

8. Employee benefit expense (excluding directors' emoluments)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	2,507,487	2,848,280
Pension costs	212,678	215,796
Housing funds, medical insurances and other social Insurances (Note)	178,564	194,962
Equity-settled share-based payment (Note 7)	(280)	688
Other employment benefits	91,016	148,573
	2,989,465	3,408,299

Note: Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

8. Employee benefit expense (excluding directors' emoluments) (CONTINUED)**Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group include one (2024: two) directors for the year ended 31 December 2025, whose emoluments are reflected in the analysis shown in Note 9. The emoluments payable to the remaining four (2024: three) individual(s) for the year are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Wages, salaries and bonuses	3,290	2,653
Pension costs	200	104
Housing funds, medical insurances and other social insurances	263	149
	3,753	2,906

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of individuals Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Nil to HK\$1,000,000 (equivalents to nil to RMB866,463)	1	1
HK\$1,000,001 to HK\$1,500,000 (equivalents to RMB866,464 to RMB1,299,695)	3	2
	4	3

During the years ended 31 December 2025 and 2024, the highest paid non-director individuals did not receive any emolument from the Group as an inducement to join or upon joining the Group, nor leave the Group or as compensation for loss of office.

9. Directors' benefits and interests

As the date of the report, the following directors and senior managements were appointed:

Executive Directors

Mr. Hui Sai Tan, Jason
 Mr. Ye Mingjie (Note (a)(iv))
 Mr. Cao Shiyang (Note (a)(ii))
 Mr. Shao Liang (Note (a)(v))

Non-executive Director

Ms. Tang Fei (Note (a)(iii))

Independent Non-executive Directors

Mr. Gu Yunchang (Note (a)(i))
 Ms. Zhou Xinyi
 Mr. Hui Wai Man, Lawrence

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

9. Directors' benefits and interests (CONTINUED)

(a) Directors' emoluments

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors respectively) for the year ended 31 December 2025 as follows:

Name	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Equity- settled share-based payments RMB'000	Housing allowances and contributions to a retirement scheme RMB'000	Total RMB'000
Executive Directors						
Mr. Hui Sai Tan, Jason	-	-	-	-	-	-
Mr. Cao Shiyang (Note (a)(ii))	-	564	-	(12)	71	623
Mr. Shao Liang (Note (a)(v))	-	1,210	-	-	155	1,365
Independent non-executive Directors						
Mr. Gu Yunchang (Note (a)(i))	332	-	-	-	-	332
Ms. Zhou Xinyi	332	-	-	-	-	332
Mr. Hui Wai Man, Lawrence	332	-	-	-	-	332
	996	1,774	-	(12)	226	2,984

The directors received emoluments from the Group (in their role as senior management and employee before their appointment as directors respectively) for the year ended 31 December 2024 as follows:

Name	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Equity- settled share-based payments RMB'000	Housing allowances and contributions to a retirement scheme RMB'000	Total RMB'000
Executive Directors						
Mr. Hui Sai Tan, Jason	-	-	-	-	-	-
Mr. Ye Mingjie (Note (a)(iv))	-	1,111	-	194	64	1,369
Mr. Cao Shiyang (Note (a)(ii))	-	597	-	277	82	956
Mr. Shao Liang (Note (a)(v))	-	1,122	-	-	102	1,224
Non-executive Director						
Ms. Tang Fei (Note (a)(iii))	-	-	-	-	-	-
Independent non-executive Directors						
Mr. Gu Yunchang (Note (a)(i))	332	-	-	-	-	332
Ms. Zhou Xinyi	332	-	-	-	-	332
Mr. Hui Wai Man, Lawrence	332	-	-	-	-	332
	996	2,830	-	471	248	4,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

9. Directors' benefits and interests (CONTINUED)**(a) Directors' emoluments (continued)**

Notes:

- (i) Mr. Gu Yunchang resigned as the Company's independent non-executive director on 18 March 2026.
- (ii) Mr. Cao Shiyang resigned as the Company's executive director on 31 August 2025.
- (iii) Ms. Tang Fei resigned as the Company's non-executive director on 1 September 2024.
- (iv) Mr. Ye Mingjie resigned as the Company's executive director on 26 April 2024.
- (v) Mr. Shao Liang was appointed as the Company's executive director on 26 April 2024.

(b) Retirement benefits of directors

During the years ended 31 December 2025 and 2024, there were no additional retirement benefit received by the directors except for the contribution to defined contribution retirement scheme administration and operated by the local municipal government in accordance with the rules and regulations in the PRC.

(c) Termination benefits of directors

During the years ended 31 December 2025 and 2024, there were no termination benefits received by the directors.

(d) Consideration provided to third parties for making available the services of directors

During the years ended 31 December 2025 and 2024, no consideration was paid for making available the services of the directors or senior management of the Company.

(e) Waived or agreed to waive any remuneration

There were no arrangements under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2025 and 2024, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

Except for mentioned above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at 31 December 2025 and 2024 or at any time during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

10. Other income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Government grants	15,048	25,330

Note: Government grants consisted mainly of financial subsidies granted by the local government. There are no unfulfilled conditions or other conditions attached to the government grant recognised during the years ended 31 December 2025 and 2024.

11. Other gains and losses – net

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net gain on disposal of property, plant and equipment	255	3,383
Net foreign exchange loss	(64)	(195)
Fair value gain on financial assets at FVPL (Note 21)	28,583	20,144
Impairment loss on property, plant and equipment (Note 17)	–	(8,170)
Others	(1,049)	(139)
	27,725	15,023

12. Finance income – net

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income on bank deposits	23,383	31,501
Finance costs		
Interest and finance charges paid/payable for borrowings and lease liabilities (Note 37(b))	(1,477)	(30,879)
Finance income – net	21,906	622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

13. Income tax expense

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax expense – The PRC – Corporate income tax	(209,067)	(122,421)
Deferred tax credit (Note 34) – PRC corporate income tax	158,516	47,207
Total income tax expense	(50,551)	(75,214)

(a) Cayman Island income tax

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

(b) BVI income tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

(c) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong profits tax was made as the Group did not derive any income subject to Hong Kong profits tax for the years ended 31 December 2025 and 2024.

(d) PRC enterprise income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2025 and 2024.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group located in the western region of the PRC are engaged in the encouraged businesses. Also, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification. Accordingly, they enjoyed a preferential income tax rate of 15% for the years ended 31 December 2025 and 2024.

In accordance with Caishui Circular [2012] No. 27 (“Circular No. 27”), one subsidiary of the Group is qualified as a software enterprise and enjoying a 5-year tax holiday (two years full exemption followed by three years half reduction) beginning from 2021 after utilising all prior years’ tax losses. The income tax rate for this subsidiary was 0% from 2020 to 2021 and 12.5% from 2022 to 2024.

The corporate income tax rate applicable to the entities located in PRC out of Tibet Autonomous Region is 25% according to the Enterprise Income Tax Law of the PRC (2024: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

13. Income tax expense (CONTINUED)**(e) PRC withholding income tax**

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

Gain on disposal of an investment in the PRC by overseas holding companies and intra-group charges to the PRC subsidiaries by overseas subsidiaries may also be subject to withholding tax of 10%.

As at 31 December 2025, the PRC subsidiaries of the Group have undistributed earnings of approximately RMB1,271,517,000 (2024: RMB1,802,167,000), which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions of dividends from the PRC subsidiary and is not expected to distribute these profits in the foreseeable future.

- (f) The reconciliation from income tax calculated based on the applicable tax rates and total profit/(loss) presented in the consolidated profit or loss to the income tax expenses is listed below:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit/(Loss) before income tax	185,192	(147,744)
Tax expense/(credit) calculated at applicable corporate income tax rate of 25%	46,298	(36,936)
Tax effects of:		
– Expenses not deductible for taxation purposes	21,535	135,015
– Income not taxable for tax purpose	(2,756)	(2,337)
– Tax loss not recognised	3,040	3,058
– Utilisation of temporary difference previously not recognised	(9,455)	(6,332)
– Different tax rate applied	(8,111)	(17,254)
Income tax expense	50,551	75,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

14. Earnings/(Loss) per share**Basic earnings/(loss) per share**

	Year ended 31 December	
	2025	2024
Profit/(Loss) attributable to equity holders of the Company (RMB'000)	103,300	(272,363)
Weighted average number of ordinary shares (in thousands)	2,468,173	2,456,741
Basic earnings/(loss) per share (expressed in RMB per share)	0.04	(0.11)

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has potential ordinary shares arising from the share award schemes (Note 35).

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the years ended 31 December 2025 and 2024 as the potential shares arising from the share award scheme had anti-dilutive effect to the Group.

15. Subsidiaries

The following is a list of principal subsidiaries at the end of reporting period, all of these are limited liability companies:

Name of entity	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Ownership interest held by the Group as at 31 December		Principal activities/ place of operation
			2025	2024	
Shimao Services (BVI) Limited	BVI 4 December 2019	USD1	100%*	100%*	Investment holding, BVI
Origin Prime Property Services Limited	Hong Kong 18 April 2019	USD10,000	100%	100%	Investment holding, Hong Kong
Super Rocket Limited	Hong Kong 16 May 2017	HK\$1	100%	100%	Investment holding, Hong Kong
Virtue Faith Limited	Hong Kong 31 July 2023	HK\$1	100%	100%	Investment holding, Hong Kong
Shanghai Aoling Enterprise Management Co., Ltd.	The PRC 17 June 2019	RMB4,305,000,000	100%	100%	Investment holding, the PRC
Shimao Tiancheng Property Services Group Co., Ltd. ("Shimao Tiancheng")	The PRC 16 September 2005	RMB5,400,000,000	100%	100%	Property management services in the PRC
Quanzhou Shimao Sanyuan Real Estate Management Co., Ltd. ("Quanzhou Sanyuan")	The PRC 26 June 2003	RMB5,000,000	51%	51%	Property management services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

15. Subsidiaries (CONTINUED)

Name of entity	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Ownership interest held by the Group as at 31 December		Principal activities/ place of operation
			2025	2024	
Shanghai Runshang Real Estate Agent Co., Ltd.	The PRC 9 August 2012	RMB52,500,000	100%	100%	Real estate agent services in the PRC
Shanghai Fanying Environmental Engineering Co., Ltd.	The PRC 30 December 2014	RMB127,000,000	100%	100%	Gardening and greening services in the PRC
Shanghai Shibin E-Commerce Co., Ltd.	The PRC 24 December 2014	RMB52,500,000	100%	100%	Wholesales and retail trading in the PRC
Shanghai Shimao Wulianwang Technology Co., Ltd. ("Shimao Wulianwang")	The PRC 29 December 2018	RMB300,000,000	100%	100%	Technology services in the PRC
Shanghai Ruiyun data Technology Co., LTD	The PRC 9 May 2023	RMB10,000,000	100%	100%	Technology services in the PRC
Shanghai Maoyi Management Consulting Co., Ltd.	The PRC 19 March 2014	RMB10,500,000	100%	100%	Business Services in the PRC
Shanghai Shibe Intelligent Engineering Co., Ltd.	The PRC 30 December 2014	RMB8,500,000	100%	100%	Construction decoration and other construction in the PRC
Shanghai Guanghe Education Technology Co., Ltd.	The PRC 9 April 2019	RMB5,500,000	100%	100%	Education in the PRC
Tibet Shimao Tiancheng Property Management Co., Ltd.	The PRC 7 July 2014	RMB50,000,000	100%	100%	Property management services in the PRC
Chengdu Xinyi Property Co., Ltd. ("Chengdu Xinyi")	The PRC 14 December 2000	RMB10,000,000	100%	100%	Property management services in the PRC
Nanjing Haixia Real Estate Management Co., Ltd.	The PRC 11 October 2011	RMB500,000	100%	100%	Property management services in the PRC
Mudanjiang Feixia Management Co., Ltd.	The PRC 25 October 2019	RMB550,000	100%	100%	Property management services in the PRC
Shanghai Maosheng Intelligent Technology Co., Ltd.	The PRC 30 December 2019	RMB10,000,000	51%	51%	Technology services in the PRC
Xianghe Wantong Real Estate Management Co., Ltd.	The PRC 27 July 2011	RMB1,000,000	100%	100%	Property management services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

15. Subsidiaries (CONTINUED)

Name of entity	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Ownership interest held by the Group as at 31 December		Principal activities/ place of operation
			2025	2024	
Mudanjiang Maoju Household Products Co., Ltd.	The PRC 17 April 2018	RMB1,050,000	100%	100%	Wholesale and retail trading in the PRC
Shanghai Huiguan Garden Landscape Engineering Co., Ltd.	The PRC 6 May 2011	RMB10,000,000	100%	100%	Gardening and greening services in the PRC
Suifenhe Shifu Home Supplies Co., Ltd.	The PRC 10 December 2018	HK\$2,000,000	100%	100%	Wholesale and retail trading in the PRC
Shanghai Jiashu Enterprises Management Co., Ltd.	The PRC 17 July 2019	RMB100,000,000	100%	100%	Investment holding, the PRC
Guangzhou Yuetai Property Services Co., Ltd.	The PRC 2 June 1999	RMB5,000,000	100%	100%	Property management services in the PRC
Fusheng Life Services Group Co., Ltd.	The PRC 17 July 2018	RMB100,000,000	51%	51%	Property management services in the PRC
Beijing Guancheng Hotel Management Co., Ltd.	The PRC 22 September 1998	RMB20,000,000	100%	100%	Property management services in the PRC
Shanghai Yunyu space Intelligent Technology Co., Ltd.	The PRC 14 April 2017	RMB84,000,000	100%	100%	Engineering Construction in the PRC
Shanghai Shijihui Entrepreneurship Management Co., Ltd.	The PRC 18 March 2020	RMB11,000,000	100%	100%	Property management services in the PRC
Zhejiang Zheda Sinew Property Services Group Co., Ltd. (Zhejiang Sinew)	The PRC 21 January 2001	RMB50,000,000	82.47%	79.99%	Property management services in the PRC
Tianjin Hexing Property Management Co., Ltd.	The PRC 1 August 2005	RMB10,000,000	100%	100%	Property management and hotel management in the PRC
Kangqiao Property Co., Ltd. ("Yantai Kangqiao")	The PRC 31 October 2007	RMB50,000,000	80%	80%	Property management and hotel management in the PRC
Hangzhou Jinhua Property Management Co., Ltd. ("Hangzhou Jinhua")	The PRC 26 August 1996	RMB11,000,000	100%	100%	Property management and hotel management in the PRC
Xi'an Fangrui Property Management Co., Ltd. ("Xi'an Fangrui")	The PRC 23 March 2001	RMB50,000,000	100%	70%	Property management and hotel management in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

15. Subsidiaries (CONTINUED)

Name of entity	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Ownership interest held by the Group as at 31 December		Principal activities/ place of operation
			2025	2024	
Zhejiang Yefeng Property Service Co., Ltd.	The PRC 14 June 1996	RMB50,500,000	100%	100%	Property management and hotel management in the PRC
Shenzhen Shiluyuan Environment Co., Ltd. ("Shi Lu Yuan")	The PRC 18 March 2003	RMB123,180,000	100%	67%	Urban and rural environmental sanitation integrated services in the PRC
Shanghai Chungji Elderly Care Service Co., Ltd.	The PRC 3 December 2014	RMB29,411,800	56%	56%	Elderly support services and consultancy services in the PRC
Hubei Shimao Yunrui Property Management Co., Ltd.	The PRC 1 September 2020	RMB5,000,000	51%	51%	Property management and hotel management in the PRC
Shanghai Maojia Property Service Co., Ltd.	The PRC 3 August 2020	RMB10,000,000	100%	100%	Investment holding, the PRC
Suzhou Chong Tian Intelligent Chemical Engineering Co., Ltd.	The PRC 3 April 2020	RMB50,000,000	100%	100%	House and city infrastructure construction services in the PRC
Zhejiang Xiangyu Investment Co., Ltd	The PRC 15 May 2009	RMB20,000,000	93.67%	87.47%	Investment holding, the PRC
Suzhou Maozhiyuan Construction Decoration Engineering Co., Ltd.	The PRC 16 December 2020	RMB10,000,000	100%	100%	Electricity infrastructure construction and inner renovation services in the PRC
Jiangsu Shimao Ankang City Operation Management Service Co., Ltd.	The PRC 1 December 2020	RMB10,000,000	51%	51%	City park management and greening services in the PRC
Anhui Shimao Hongshun Property Service Co., Ltd.	The PRC 18 November 2020	RMB5,000,000	51%	51%	Property management and hotel management in the PRC
Shanxi Shimao Jiahui Property Service Co., Ltd.	The PRC 19 July 2021	RMB2,000,000	51%	51%	Property management and corporate management services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

15. Subsidiaries (CONTINUED)

Name of entity	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Ownership interest held by the Group as at 31 December		Principal activities/ place of operation
			2025	2024	
Shimao Ruide (Heilongjiang) City Construction Services Co., Ltd.	The PRC 12 July 2021	RMB2,000,000	51%	51%	Property management and public infrastructure management in the PRC
Suzhou Maokang Retirement Service Co., Ltd.	The PRC 20 August 2021	RMB60,000,000	100%	100%	Investment holding, the PRC
Chengdu Shimao Tiancheng Enterprise Management Co., Ltd.	The PRC 27 October 2021	RMB500,000,000	100%	100%	Corporate management services and property management services in the PRC
Hubei Shimao Wantai Property Management Co., Ltd.	The PRC 2 December 2021	RMB5,000,000	51%	51%	Property management and hotel management in the PRC
Quanzhou Youda Property Management Services Co., Ltd. ("Quanzhou Youda")	The PRC 26 June 2003	RMB9,405,800	N/A [*] (Note 26)	51%	Property management in the PRC
Suzhou Tianxiang Property Management Services Co., Ltd.	The PRC 15 October 1996	RMB10,000,000	70%	70%	Property management in the PRC
Hunan Jili Property Management Services Co., Ltd.	The PRC 15 November 2001	RMB10,000,000	70%	70%	Property management in the PRC
Zhejiang Xindadi Property Management Services Co., Ltd.	The PRC 10 November 2008	RMB10,080,000	100%	100%	Property management in the PRC
Tianjin Rongwei Security Service Co., Ltd.	The PRC 25 May 2016	RMB20,000,000	70%	70%	Security services in the PRC

* Directly held by the Company

[^] Disposed during the year ended 31 December 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

16. Investments in associates

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	502,204	61,019
Additions	99,810	441,479
Share of results, net	1,755	9,348
Dividends distributed from associates	(13,327)	(9,642)
At the end of the year	590,442	502,204

The following list contains only the particulars of associates, all of which are unlisted corporate entities whose quoted market prices are not available, which in the opinion of the directors principally affected the results or net assets of the Group as at 31 December 2025 and 2024.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group as at 31 December		Principal activities
		2025	2024	
Zhejiang Xinyu Commercial Group Co., Ltd. ("Zhejiang Xinyu Commercial") (formerly named as Zhejiang Xinyu Trade Co., Ltd.)	The PRC	40%	40%	School supermarket operation
Suzhou Maoyou Charge New Energy Technology Co. Ltd.*	The PRC	49%	49%	Operation of electric vehicles charging stations and related businesses in the PRC
Hunan Lingmei Network Technology Co., Ltd.*	The PRC	40%	40%	Development and sales of property management systems
Hunan Public Construction Urban Services Co., Ltd.*	The PRC	49%	49%	Property management services
Hangzhou Renrenkan Network Technology Co., Ltd.*	The PRC	49.6%	–	Development and sales of property management systems

* As at 31 December 2025, the aggregate carrying amount of investments in associates totals approximately RMB419,613,000, primarily comprising bank balances and other financial assets with minimal financial liabilities. During the early development stage, no significant operational losses were incurred for the year ended 31 December 2025. Management considers that these investments have no material impact on the Group's financial position or performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

16. Investments in associates (CONTINUED)

Summarised financial information in respect of the Group's material associates, Zhejiang Xinyu Commercial, is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

	2025 RMB'000	2024 RMB'000
As at 31 December		
Current assets	266,103	245,694
Non-current assets	41,039	29,655
Current liabilities	(189,205)	(159,999)
Non-current liabilities	–	–
Net assets	117,937	115,350
Proportion of the Group's ownership interests	40%	40%
Carrying amount of the Group's interests	47,175	46,140
For the year ended 31 December		
Revenue	856,782	825,238
Profit and total comprehensive income for the year	32,587	32,866
Dividends received for the year	(12,000)	(8,000)

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total comprehensive expense for the year	(11,278)	(3,798)
Aggregate carrying amount of the Group's interests	543,267	456,064
Dividends received for the year	(1,327)	(1,642)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

17. Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Machinery and equipment RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2024							
Cost	72,312	43,704	180,254	247,688	263,763	124,892	932,613
Accumulated depreciation	(8,286)	(15,697)	(63,106)	(137,639)	(129,499)	-	(354,227)
Impairment loss	-	-	-	(6,457)	-	-	(6,457)
Carrying amounts	64,026	28,007	117,148	103,592	134,264	124,892	571,929
Year ended 31 December 2024							
Opening carrying amounts	64,026	28,007	117,148	103,592	134,264	124,892	571,929
Transfer	-	13,169	20,201	-	-	(33,370)	-
Additions	-	2,893	4,439	30,125	99,276	24,994	161,727
Impairment loss (Note 11)	-	-	-	-	-	(8,170)	(8,170)
Depreciation charge (Note 7)	(1,108)	(2,016)	(16,404)	(24,277)	(84,472)	-	(128,277)
Disposal of subsidiaries (Note 38(b))	(53,457)	(22,914)	(76,795)	(50,250)	(15,198)	(3,603)	(222,217)
Reclassified as held for sale (Note 26)	-	(38)	(46)	(60)	-	-	(144)
Disposal	-	(13,310)	(4,317)	(9,665)	-	(8,963)	(36,255)
Closing carrying amounts	9,461	5,791	44,226	49,465	133,870	95,780	338,593
As at 31 December 2024 and 1 January 2025							
Cost	18,855	23,500	123,613	217,739	347,841	103,950	835,498
Accumulated depreciation	(9,394)	(17,709)	(79,387)	(161,817)	(213,971)	-	(482,278)
Impairment loss	-	-	-	(6,457)	-	(8,170)	(14,627)
Carrying amounts	9,461	5,791	44,226	49,465	133,870	95,780	338,593
Year ended 31 December 2025							
Opening carrying amounts	9,461	5,791	44,226	49,465	133,870	95,780	338,593
Transfer	-	-	-	927	-	(927)	-
Additions	-	1,369	125,215	8,172	142,740	4,741	282,237
Depreciation charge (Note 7)	(1,588)	(1,516)	(23,234)	(16,480)	(96,852)	-	(139,670)
Disposal	(397)	(282)	(3,095)	(3,738)	-	(2,457)	(9,969)
Closing carrying amounts	7,476	5,362	143,112	38,346	179,758	97,137	471,191
As at 31 December 2025							
Cost	18,458	24,587	245,733	223,100	490,581	105,307	1,107,766
Accumulated depreciation	(10,982)	(19,225)	(102,621)	(178,297)	(310,823)	-	(621,948)
Impairment loss	-	-	-	(6,457)	-	(8,170)	(14,627)
Carrying amounts	7,476	5,362	143,112	38,346	179,758	97,137	471,191

As at 31 December 2025 and 2024, no buildings were pledged to secure borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

18. Right-of-use assets

The Group has 60 (2024:77) leases contracts for its commercial properties in the PRC used in operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease terms vary between 1 and 12 years (2024: 1 and 12 years) and the lease payments are paid monthly or yearly. No extension or termination options, nor variable lease payments were contained in the above lease contracts.

	Land-use-right RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024			
Cost	9,131	208,640	217,771
Accumulated depreciation	(921)	(136,633)	(137,554)
Carrying amounts	8,210	72,007	80,217
Year ended 31 December 2024			
Opening carrying amounts	8,210	72,007	80,217
Additions	–	14,045	14,045
Termination	–	(4,870)	(4,870)
Disposal of subsidiaries (Note 38(b))	(8,079)	(4,639)	(12,718)
Depreciation charge (Note 7)	(131)	(33,059)	(33,190)
Closing carrying amounts	–	43,484	43,484
As at 31 December 2024 and 1 January 2025			
Cost	–	184,854	184,854
Accumulated depreciation	–	(141,370)	(141,370)
Carrying amounts	–	43,484	43,484
Year ended 31 December 2025			
Opening carrying amounts	–	43,484	43,484
Additions	–	6,857	6,857
Termination	–	(6,497)	(6,497)
Depreciation charge (Note 7)	–	(18,159)	(18,159)
Closing carrying amounts	–	25,685	25,685
As at 31 December 2025			
Cost	–	185,214	185,214
Accumulated depreciation	–	(159,529)	(150,529)
Carrying amounts	–	25,685	25,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

19. Investment properties

	Buildings RMB'000
As at 1 January 2024	
Cost	22,131
Accumulated depreciation	(3,860)
Carrying amounts	18,271
Year ended 31 December 2024	
Opening carrying amounts	18,271
Depreciation charge (Note 7)	(934)
Closing carrying amounts	17,337
As at 31 December 2024 and 1 January 2025	
Cost	22,131
Accumulated depreciation	(4,794)
Carrying amounts	17,337
Year ended 31 December 2025	
Opening carrying amounts	17,337
Depreciation charge (Note 7)	(934)
Closing carrying amounts	16,403
As at 31 December 2025	
Cost	22,131
Accumulated depreciation	(5,728)
Carrying amounts	16,403

During the years ended 31 December 2025 and 2024, there is no rental income arising from investment properties and no direct operating expenses from investment properties.

An independent valuation of the investment properties was performed by an independent professionally qualified valuer, who holds a recognised professional qualification and has relevant experience in the locations and segments of the investment properties valued. Investment properties were valued by direct comparison method where comparison is made based on prices realised or market prices of comparable properties. Comparable properties of similar size, character and location are carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

As at 31 December 2025 and 2024, certain significant inputs used in the determination of fair value of the investment properties are arrived by reference to certain significant unobservable market data, the fair value of the investment properties of the Group is included in Level 3 of the fair value measurement hierarchy. In estimating the fair value of the investment properties, the highest and best use of the investment properties in their current use. There were no changes to the valuation techniques during the years ended 31 December 2025 and 2024.

As at 31 December 2025, the fair value of the investment properties is approximately RMB17,479,000 (2024: RMB17,949,000). As at 31 December 2025 and 2024, none of investment properties were pledged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

20. Intangible assets

	Computer software RMB'000	Goodwill RMB'000	Customer relationship RMB'000	Concession intangible assets RMB'000	Brand name RMB'000	Total RMB'000
As at 1 January 2024						
Cost	216,863	2,445,381	1,265,000	82,852	16,000	4,026,096
Impairment loss	–	(720,472)	(126,464)	–	–	(846,936)
Accumulated amortisation	(81,089)	–	(407,537)	(28,149)	(4,667)	(521,442)
Carrying amounts	135,774	1,724,909	730,999	54,703	11,333	2,657,718
Year ended 31 December 2024						
Opening carrying amounts	135,774	1,724,909	730,999	54,703	11,333	2,657,718
Additions	237,644	–	–	–	–	237,644
Disposals	(3,846)	–	–	–	–	(3,846)
Impairment loss (note (a))	–	(45,566)	(263)	–	–	(45,829)
Amortisation charge (Note 7)	(46,230)	–	(115,600)	(762)	(2,000)	(164,592)
Disposal of subsidiaries	(542)	(371,555)	(152,158)	(53,941)	–	(578,196)
Reclassified as held for sale (Note 26)	–	–	(1,737)	–	–	(1,737)
Closing carrying amounts	322,800	1,307,788	461,241	–	9,333	2,101,162
As at 31 December 2024 and 1 January 2025						
Cost	449,958	2,071,049	1,038,800	–	16,000	3,575,807
Impairment loss	–	(763,261)	(126,464)	–	–	(889,725)
Accumulated amortisation	(127,158)	–	(451,095)	–	(6,667)	(584,920)
Carrying amounts	322,800	1,307,788	461,241	–	9,333	2,101,162
Year ended 31 December 2025						
Opening carrying amounts	322,800	1,307,788	461,241	–	9,333	2,101,162
Additions	272,284	–	–	–	–	272,284
Disposals	(660)	–	–	–	–	(660)
Impairment loss (notes (a))	–	(65,027)	–	–	–	(65,027)
Amortisation charge (Note 7)	(53,275)	–	(98,550)	–	(2,000)	(153,825)
Closing carrying amounts	541,149	1,242,761	362,691	–	7,333	2,153,934
As at 31 December 2025						
Cost	721,582	2,071,049	1,038,800	–	16,000	3,847,431
Impairment loss	–	(828,288)	(126,464)	–	–	(954,752)
Accumulated amortisation	(180,433)	–	(549,645)	–	(8,667)	(738,745)
Carrying amounts	541,149	1,242,761	362,691	–	7,333	2,153,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

20. Intangible assets (CONTINUED)**(a) Goodwill**

Goodwill of approximately RMB1,307,788,000 has been allocated to the CGUs of the subsidiaries acquired in prior years for impairment testing. Management performed an impairment assessment on the goodwill as at 31 December 2025. The recoverable amounts of these subsidiaries are determined based on value-in-use calculation. The value-in-use calculation determining the recoverable amount of the cash-generating unit to which the intangible assets belong to, is the present value of the future cash flows the Group expected to arise from the CGU. The future cash flow projection is based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate set out in below table as at the end of the reporting period. The cash flows beyond the five-year period are extrapolated using 2.5% growth rate. The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Revenue growth rate during the forecast period	-29% to +24%	+3% to +15%
Gross profit margin during the forecast period	+5% to +32%	+6% to +40%
Pre-tax discount rate	+15% to +18%	+15% to +18%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determining values
Revenue growth rate	Revenue growth rate over the five-year forecast period was based on past performance and management's expectations of market development.
Gross profit margin	Gross profit margin was based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are long-term average growth rate for the related industry in which the CGU operates.
Pre-tax discount rates	Reflect specific risks relating to the relevant industry and the region in which they operate.

For the purpose of impairment testing, goodwill has been allocated to 19 (2024: 19) groups of CGUs, grouped by timing of their acquisitions by the Group, operating in the property management services and city services segment. The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these CGUs are as follows:

	2025 RMB'000	2024 RMB'000
Property management services segment:		
3 group entities acquired in 2019	176,318	176,318
Zhejiang Sinew acquired in 2020	315,603	334,242
Yantai Kangqiao acquired in 2020	5,023	5,023
Xi'an Fangrui acquired in 2020	62,859	62,859
Other 6 group entities acquired in 2020	299,750	299,750
3 group entities acquired in 2021	122,018	122,018
Suzhou Tianxiang acquired in 2022	136,295	150,203
Other 3 group entities acquired in 2022	124,895	157,375
	1,242,761	1,307,788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

20. Intangible assets (CONTINUED)**(a) Goodwill (continued)**

As at 31 December 2025, management reassessed the key assumptions for impairment testing of goodwill of CGUs and considered that the business expansion have not been carried out as scheduled and gross profit margin was less than expected due to the impact of the macroeconomic environment. Based on management's assessment on the recoverable amounts of the subsidiaries acquired in prior years, an impairment loss on goodwill of RMB65,027,000 (2024: RMB45,566,000) was made for the year ended 31 December 2025.

In addition to impairment testing using the base case assumptions, separate sensitivity analyses were performed by either (i) increasing the discount rate of 1% from the base case; or (ii) decreasing the revenue growth rate of 1% from the base case.

The sensitive tests using a lower revenue growth rate by deduct 1% indicate that the impairment loss of the Group would have been increased by RMB27,045,000 (2024: RMB17,726,000).

The sensitive tests using a higher discount rate of plus 1% indicate that the impairment loss of the Group would have been increased by RMB69,173,000 (2024: RMB52,006,000).

(b) Customer relationships

The identified customer relationships are arising from acquisitions of several property management and sanitation companies, which represents valid contractual arrangement of acquiree's customers as at acquisition date with useful lives ranging from 8 to 10 years.

(c) Brand name

In prior year, the Group acquired an elderly care services company. The identified brand name, which helps the acquiree's customers to identify and differentiate the services from another, were recognised by the Group as intangible assets with useful lives ending in 2030.

21. Financial assets at FVPL

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contingent consideration receivables arising from acquisitions of subsidiaries (note (a))	5,877	144,322
Wealth management products (note (b))	110,000	–
Unlisted equity investments (note (c))	582,120	–
	697,997	144,322
Non-current	583,417	5,619
Current	114,580	138,703
	697,997	144,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

21. Financial assets at FVPL (CONTINUED)

Notes:

- (a) At 31 December 2025, the amounts represent the contingent consideration receivables arising from acquisitions of subsidiaries which are measured at fair value of RMB21,561,000 (2024: RMB236,288,000), net of the corresponding purchase considerations of RMB15,684,000 (2024: RMB91,966,000). Of which, the net contingent consideration receivables of RMB4,580,000 (2024: RMB138,703,000) were settled in January 2026 (2024: January 2025).

During the year ended 31 December 2025, a fair value gain of RMB28,583,000 is recognised in profit or loss (2024: RMB20,144,000) (Note 11).

According to the relevant sales and purchase agreements, those gain from the derivatives will be settled through the consideration payables which due after 12 months from the end of the reporting period and is classified as non-current assets.

- (b) The amounts represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments, including bonds and other financial assets. Hence their contractual cash flows do not qualify for solely payments of principal and interest. The expected yield rate at 1.62% per annum as at 31 December 2025.
- (c) During the year ended 31 December 2025, a wholly-owned subsidiary of the Company as a limited partner, and three independent third parties to the Group, being the general and executive partner, entered into limited partnership, namely Liaoning Province Qisheng Project Management Consulting Partnership (Limited Partnership) ("Liaoning Qisheng"), Nanjing Maoxing Project Management Partnership (Limited Partnership) ("Nanjing Maoxing") and Shanghai Tianji Xinghe Project Management Partnership (Limited Partnership) ("Shanghai Tianji"), respectively. Pursuant to the partnership agreements, the total capital contribution of Liaoning Qisheng, Nanjing Maoxing and Shanghai Tianji are RMB283,000,000, RMB240,000,000 and RMB65,000,000, respectively. As at 31 December 2025, the Group contributed RMB280,170,000, RMB237,600,000 and RMB64,350,000, representing equity interest of 99%, into Liaoning Qisheng, Nanjing Maoxing and Shanghai Tianji, respectively. For the formation of Liaoning Qisheng and Nanjing Maoxing, please refer to the Company's announcements dated 22 December 2025 and 19 June 2025 for further details.

Notwithstanding the Group has the equity interest of 99%, pursuant to partnership agreements, the executive partner of each partnership has the exclusive right to make all decisions on the financial and operating policies. In addition, the limited partner may only remove the general partner on the occurrence of an event that the executive partner causes losses to the partnership to the limited partner due to intentional act or gross negligence and therefore the removal right is not considered to have any substance. Based on the foregoing, the directors are of the opinion that the Group has no significant influence, joint control or control over Liaoning Qisheng, Nanjing Maoxing and Shanghai Tianji and therefore the investments are classified as financial assets measured at FVPL.

22. Inventories

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Car parking space purchased from third parties	20,105	196,442
Other inventories	10,474	10,952
	30,579	207,394
Less: provision for inventories	(3,267)	(33,048)
	27,312	174,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

23. Trade receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables		
– Related parties (Note 39(d))	934,580	753,235
– Third parties	4,450,182	3,635,434
	5,384,762	4,388,669
Notes receivables		
– Related parties (Note 39(d))	–	200
– Third parties	692	227
	692	427
Less: allowance for impairment losses on trade receivables	(1,473,691)	(1,010,829)
	3,911,763	3,378,267

For trade receivables from property management services, the Group charges property management fees on a monthly or quarterly basis and the payment is generally due upon the issuance of demand notes. No credit period is granted.

Trade receivables from value-added services and city services are due for payments in accordance with the terms of the relevant services agreements with property developers and government bodies, which is normally within 30 to 90 days (2024: 30 to 90 days) from the issue of demand note.

The amounts due from related parties are repayable on credit terms similar to those offered to other major customers of the Group.

An ageing analysis of the trade receivables as at the end of the year, based on the recognition date and before impairment, is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	2,568,097	2,561,773
1 to 2 years	1,317,495	651,705
2 to 3 years	457,492	641,321
3 to 4 years	536,608	415,253
4 to 5 years	385,124	109,918
Over 5 years	119,946	8,699
	5,384,762	4,388,669

As at 31 December 2025 and 2024, the trade receivables were denominated in RMB.

As at 31 December 2025, total notes receivables (before impairment) amounting to RMB692,000 (2024: RMB427,000) are held by the Group for future settlement of trade receivables. All notes receivables received by the Group are with a maturity period of less than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

23. Trade receivables (CONTINUED)

The movements in lifetime ECL that has been recognised for trade receivables under the simplified approach are as follows:

	Third parties		Total	Related parties		Total
	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000		Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	
As at 1 January 2024	389,927	87,104	477,031	–	419,952	419,952
Disposal of subsidiaries	(61,319)	–	(61,319)	–	–	–
Transfer to	(100,462)	100,462	–	–	–	–
Assets classified as held for sale	(1,421)	–	(1,421)	–	–	–
Written off	(2,065)	(660)	(2,725)	–	–	–
Charge for the year (Note 7)	63,999	105,806	169,805	–	9,506	9,506
As at 31 December 2024 and 1 January 2025	288,659	292,712	581,371	–	429,458	429,458
Transfer to	(73,913)	73,913	–	–	–	–
Written off	–	(12,875)	(12,875)	–	(43,892)	(43,892)
Charge for the year (Note 7)	197,163	203,801	400,964	–	118,665	118,665
As at 31 December 2025	411,909	557,551	969,460	–	504,231	504,231

Further details on the Group's credit policy for trade receivables are set out in Note 3(c)(i).

An ageing analysis of the trade receivables from third parties as at the end of the reporting period, based on the past due date and before impairment, is as follows:

	2025 RMB'000	2024 RMB'000
Current/not past due	813,565	903,706
Past due less than 1 year	1,398,698	1,558,255
1 to 2 years past due	1,244,701	430,927
2 to 3 years past due	340,836	344,743
3 to 4 years past due	264,406	311,995
4 to 5 years past due	307,964	80,203
Over 5 years past due	80,012	5,605
	4,450,182	3,635,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

24. Prepayments, deposits and other receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments		
<i>Non-current prepayments</i>		
– Prepayments to customers (note (a))	16,761	17,990
– Other prepayments (note (e))	400,265	31,257
	417,026	49,247
<i>Current prepayments</i>		
– Related parties (note 39(d))	71,834	87,930
– Utilities	100,997	80,742
– Raw materials for value-added services	37,170	51,903
– Other prepayments (note (e))	305,839	246,224
	515,840	466,799
Subtotal	932,866	516,046
Other receivables		
– Advance to related parties (note (b) and note 39(d))	161,500	302,045
– Advance to employees	20,547	16,142
– Payments on behalf of property owners	8,787	3,565
– Deposits (note (c))	146,920	141,973
– Deposits paid for an exclusive right in sales of carparks (note (d))	48,757	1,154,439
– Dividends receivables	4,380	–
– Others	338,614	286,378
Subtotal	729,505	1,904,542
Total	1,662,371	2,420,588
Less: allowance for impairment of other receivables (note (f))	(99,893)	(251,915)
	1,562,478	2,168,673
Non-current	417,026	49,247
Current	1,145,452	2,119,426
	1,562,478	2,168,673

Notes:

- (a) Prepayments to customers is the initial consideration paid to these schools to obtain the operation of the students' apartments. The amortisation period is 31 years (2024: 31 years) based on such operation periods.
- (b) Other receivables from related parties were unsecured, interest-free and repayable on demand. They mainly represent payment to Shimao Group for sale of the right of car parking spaces.
- (c) Balances mainly represented deposits paid for utilities and bidding of property management service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

24. Prepayments, deposits and other receivables (CONTINUED)

Notes: (continued)

- (d) Balances represent the deposit paid to an independent third party for an exclusive right of sale of the right of car park spaces and earning commission fee.
- (e) Balances mainly represented prepayment for purchase of property, plant and equipment and outsourcing services to suppliers.
- (f) The movement in provision for impairment of other receivables are as follows:

	Third parties			Related parties		
	12m ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000	12m ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	90,569	256	90,825	–	199,284	199,284
Written off	–	(183)	(183)	–	–	–
Disposal of subsidiaries	(1,413)	–	(1,413)	–	–	–
Asset held for sale	(165)	–	(165)	–	–	–
Reversal for the year (Note 7)	(9,315)	–	(9,315)	–	(27,118)	(27,118)
As at 31 December 2024 and 1 January 2025	79,676	73	79,749	–	172,166	172,166
Written off	(1,502)	–	(1,502)	–	(30,444)	(30,444)
Reversal for the year (Note 7)	(65,488)	–	(65,488)	–	(54,588)	(54,588)
As at 31 December 2025	12,686	73	12,759	–	87,134	87,134

Further details on the Group's credit policy for other receivables are set out in Note 3(c)(ii).

25. Cash and cash equivalents/Time deposits with maturity over three months/Restricted bank balances

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash on hand	1,341	1,376
Time deposits with maturity over three months	1,500,000	1,600,129
Cash at bank	1,591,026	2,200,225
	3,092,367	3,801,730
Time deposits with maturity over three months	(1,500,000)	(1,600,129)
Restricted bank balances	(101,094)	(37,489)
	1,491,273	2,164,112

Cash and cash equivalents include cash at bank and short-term time deposits with a maturity of less than three months. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Restricted bank balances were cash deposit of performance security as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

25. Cash and cash equivalents/Time deposits with maturity over three months/Restricted bank balances (CONTINUED)

As at 31 December 2025, restricted bank balances, time deposits with maturity over three months and cash and cash equivalents of the Group which is denominated in Renminbi amounted to approximately RMB3,058,202,000 (2024: RMB3,683,734,000). The Renminbi is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business. The remaining cash and cash equivalents denominated in HK\$, US\$ and GBP£ amounted to approximately RMB28,809,000 (2024: RMB101,509,000), RMB5,273,000 (2024: RMB16,407,000) and RMB83,000 (2024: RMB80,000) respectively.

26. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 31 December 2024, Shimao Tiancheng entered into an equity transfer agreement with independent third parties (the "Purchaser A"), pursuant to which Shimao Tiancheng agreed to sell, and the Purchaser A agreed to acquire the 51% equity interests in Quanzhou Youda for a consideration of RMB2,800,000. The disposal of Quanzhou Youda was completed in January 2025. The assets and liabilities of Quanzhou Youda were classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale", respectively, in the Group's consolidated statement of financial position in accordance with HKFRS 5.

Assets and liabilities classified as held for sale are analysed as follows:

	Notes	As at 31 December 2024 RMB'000
Assets classified as held for sale		
Property, plant and equipment	17	144
Intangible assets	20	1,737
Deferred tax assets	34	899
Trade receivables		10,391
Prepayments, deposits and other receivables		6,070
Cash and cash equivalents		19,527
		38,768
Less: Impairment loss recognised on assets classified as held for sale		(2,306)
		36,462
Liabilities directly associated with assets classified as held for sale		
Trade payables		(6,338)
Deposits received, accruals and other payables		(12,532)
Contract liabilities		(7,739)
Income tax liabilities		(1,973)
Deferred tax liabilities	34	(621)
		(29,203)
Cash consideration to be received		2,800
Less: Carrying amount of net assets of Quanzhou Youda		(9,565)
Add: Non-controlling interest		4,459
Impairment losses on assets classified as held for sales		(2,306)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

27. Share capital**Ordinary shares**

	Number of ordinary shares of HK\$0.01 each	Share capital HK\$	RMB
Authorised			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	3,500,000,000	35,000,000	30,350,583
Issued and fully paid			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,468,173,000	24,681,730	21,357,812

28. Reserves

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statements of changes in equity.

Share premium

Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Statutory reserve

In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and the Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, such transfer needs not to be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserves Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered paid in capital.

Other reserves

Other reserves account of the Group mainly comprises the merger reserve of approximately RMB223,785,000 (2024: RMB223,785,000), capital reserve of approximately RMB1,122,102,000 (2024: RMB1,110,138,000), share options reserve of approximately RMB4,291,000 (2024: RMB2,916,000), and exchange reserve of approximately RMB315,068,000 (2024: RMB312,690,000).

- Merger reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation. Details please refer to Note 1 to consolidated financial statements in 2020 Annual Report.
- Capital reserve represents the amount (i) arising from transactions undertaken with non-controlling interests and (ii) deemed as capital contribution from shareholders.
- Share options reserve represents award shares granted to certain directors and employees of the Group. The reserve is dealt with in accordance with the accounting policy set out in Note 2.3(y).
- Exchange reserve comprises all foreign exchange differences arising from translation of the financial statements of entities with functional currency other than RMB, the presentation currency. The reserve is dealt with in accordance with the accounting policy set out in Note 2.3(w)(iii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

28. Reserves (CONTINUED)**Treasury reserve**

Treasury reserve account of the Group comprises (i) the amount of shares repurchased by the Company but not yet cancelled at the end of reporting period and (ii) the amount of shares deemed as capital contribution from shareholders granted under the share award scheme and held by Best Cosmos before being transferred to the employees of the Group when vesting conditions are fully met.

29. Provisions for other liabilities and charges

	As at 31 December			
	2025		2024	
	Current RMB'000	Non-current RMB'000	Current RMB'000	Non-current RMB'000
Claim provisions	–	22,234	–	22,688

As at 31 December 2025 and 2024, the Group has several unsettled legal claims and the management has assessed the possible provision amount of RMB22,234,000 and RMB22,688,000, respectively.

30. Borrowings

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Borrowings included in current liabilities		
Short-term bank borrowings		
– unsecured	4,495	–

As at 31 December 2025, the amount is unsecured, interest bearing at weighted average effective interest rate of 3.05% (2024: nil). The carrying amount of the bank borrowings is denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

31. Trade payables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables		
– Related parties (Note 39(d))	19,892	18,548
– Third parties	1,603,307	1,393,740
	1,623,199	1,412,288

The trade payables have a normal credit term of 30 to 90 days (2024: 30 to 90 days). As at 31 December 2025 and 2024, the carrying amounts of trade payables approximated to their fair values. At 31 December 2025 and 2024, trade payables were denominated in RMB.

The ageing analysis of trade payables based on the invoice date was as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	1,163,280	1,028,286
1 to 2 years	176,951	222,145
2 to 3 years	125,355	44,564
3 to 4 years	42,859	98,161
4 to 5 years	96,771	16,600
Over 5 years	17,983	2,532
	1,623,199	1,412,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

32. Deposits received, accruals and other payables

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other payables		
– Payable to related parties (note (c) and note 39(d))	127,640	111,325
– Accrued expenses (note (d))	362,394	417,418
– Amounts collected on behalf of property owners (note (b))	244,232	215,667
– Purchase consideration (note (a))	160,927	188,066
– Deposits received	300,502	381,247
– Other payables (note (e))	291,124	290,776
	1,486,819	1,604,499
Non-current	6,629	1,928
Current	1,480,190	1,602,571
	1,486,819	1,604,499

Notes:

- (a) As at 31 December 2025, the balance represented the purchase consideration for business combination which is measured at amortised cost.
- (b) The balance mainly comprised the utility charges temporarily received from property owners on behalf of utility companies.
- (c) Other payables to related parties were unsecured, interest-free and repayable demand.
- (d) Balances mainly consist of accrued payroll, other taxes payable and dividend payable to non-controlling interests.
- (e) Balances mainly represented payables for the purchase of property, plant, and equipment and accrued subcontracting costs for property management and operational services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

33. Leases liabilities**(a) Amounts recognised in the consolidated statement of financial position**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Leased in properties for operation – Buildings	24,792	43,766
Lease liabilities		
Current	8,024	20,138
Non-current	16,768	23,628
	24,792	43,766

(b) Amounts recognised in the profit or loss

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Depreciation charge		
– Land-use-rights (Note 18)	–	131
– Buildings (Note 18)	18,159	33,059
Finance costs on leases	1,477	2,972
	19,636	36,162

(c) Amounts recognised in the consolidated statements of cash flows

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cash flow from financing activities		
Payments of interest element of lease liabilities	1,477	2,972
Payments of principal element of lease liabilities	15,883	33,543
	17,360	36,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

33. Leases liabilities (CONTINUED)**(d) A maturity analysis of lease liabilities is shown in the table below:**

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Minimum lease payments (Note 3(d))	26,846	50,864
Future finance charge	(2,054)	(7,098)
Total lease liabilities	24,792	43,766

34. Deferred tax

The analysis of deferred tax (liabilities)/assets in the consolidated statement of financial position was as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred tax assets:		
– Deferred tax asset to be recovered within 12 months	405,487	329,187
Net-off with deferred tax liability	(5,710)	(48,289)
	399,777	280,898
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	(75,372)	(157,588)
– Deferred tax liability to be recovered within 12 months	(22,825)	(22,825)
Net-off with deferred tax asset	5,710	48,289
	(92,487)	(132,124)

The net movement on the deferred tax account is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	148,774	98,907
Disposal of subsidiaries (Note 38(b))	–	2,938
Reclassified as held for sale (Note 26)	–	(278)
Recognised in profit or loss (Note 13)	158,516	47,207
At end of the year	307,290	148,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

34. Deferred tax (CONTINUED)

The movement in deferred tax assets and liabilities during the reporting period, without taking consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Provision RMB'000	Deductible tax loss RMB'000	Accrued expense RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	276,970	9,728	15,841	18,912	321,451
Recognised in profit or loss	31,309	270	3,196	(12,416)	22,359
Reclassified as held for sale (Note 26)	(899)	–	–	–	(899)
Disposal of subsidiaries (Note 38(b))	(7,137)	(244)	–	(6,343)	(13,724)
As at 31 December 2024 and 1 January 2025	300,243	9,754	19,037	153	329,187
Recognised in profit or loss	72,209	(8,716)	4,499	8,308	76,300
As at 31 December 2025	372,452	1,038	23,536	8,461	405,487

Deferred tax liabilities

	Fair value adjustment on assets and liabilities upon acquisition of subsidiaries and others RMB'000	Deferred tax expense arise from profit guarantee RMB'000	Depreciation RMB'000	Total RMB'000
As at 1 January 2024	(167,543)	(54,918)	(83)	(222,544)
Recognised in profit or loss	29,801	(5,036)	83	24,848
Reclassified as held for sale (Note 26)	621	–	–	621
Disposal of subsidiaries (Note 38(b))	16,662	–	–	16,662
As at 31 December 2024 and 1 January 2025	(120,459)	(59,954)	–	(180,413)
Recognised in profit or loss	27,652	54,564	–	82,216
As at 31 December 2025	(92,807)	(5,390)	–	(98,197)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

35. Share award schemes**(a) Shimao Group Share Award Scheme**

Shimao Group operates a restricted share award scheme (the "Shimao Group Share Award Scheme") for the main purpose of recognising the contributions by the selected employees and providing them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The grantees of the scheme include the Company's directors, senior executives and employees. The scheme was adopted by the board of directors of Shimao Group (the "Group Board") on 3 May 2021 (the "Adoption Date I") and shall remain valid and effective for a period of three years from the Adoption Date I. The maximum number of shares of the Company can be awarded is 0.3% (i.e. 7,091,919 shares of the Company) of the issued share capital of the Company as at the Adoption Date I.

The Group Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Group Board from time to time), select such employee(s) for participation in the scheme and determine the number of awarded shares.

At the Adoption Date I, a trust deed was entered into between Shimao Group and Best Cosmos whereby Shimao Group appointed Best Cosmos as trustee to hold the awarded shares. The shares of the Company granted by Shimao Group are treated as a capital contribution in equity (recorded in "Other reserves").

In 2021, a total of 4,866,137 shares were granted to 136 directors and employees of the Group (each, the "2021 Grantee"), and the aforesaid shares were granted to the 2021 Grantees at nil consideration. As at 31 December 2025, 4,075,309 shares and 790,828 shares out of the 4,866,137 shares granted in 2021 are vested and lapsed. As the Shimao Group Share Award Scheme was terminated on 3 May 2024, no further grant of the Company's shares shall be made.

(b) Shimao Services Share Award Scheme

A share award scheme of the Company (the "Shimao Services Share Award Scheme") was adopted by the Board on 28 June 2021 (the "Adoption Date II"). The purpose of the Shimao Services Share Award Scheme is to recognise the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Shimao Services Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date II. The maximum number of shares which can be awarded under the Shimao Services Share Award Scheme is 3% (i.e. 70,919,190 shares) of the total number of issued shares of the Company as at the Adoption Date II. In 2022, a total of 169 employees (including two directors) of the Group (each, the "2022 Grantee") were awarded a total of 4,017,105 shares under the Shimao Services Share Award Scheme. All the said shares were granted to the 2022 Grantees at nil consideration. Pursuant to the Shimao Services Share Award Scheme, after meeting the vesting criteria and conditions of the Share Award Scheme, 60% of the award shares will be vested 6 months from the grant date, and 40% of the award shares will be vested after 18 months from the grant date. During the year ended 31 December 2025, nil (2024: nil) share and 96,945 (2024: 235,827) shares were vested and lapsed, respectively. As at 31 December 2025, 1,247,511 (2024: 1,344,456) shares were unvested.

On 19 June 2023, a total of 125 employees (including three directors) of the Group (each, the "2023 Grantee") were awarded a total of 3,525,446 shares under the Shimao Services Share Award Scheme. All the said shares were granted to the 2023 Grantees at nil consideration. Subject to the satisfaction of the vesting criteria and conditions of the Shimao Services Share Award Scheme, 60% of the award shares will be vested after 12 months from the grant date, and 40% of the award shares will be vested after 24 months from the grant date. During the year ended 31 December 2025, nil (2024: nil) share and 183,297 (2024: 857,415) shares were vested and lapsed, respectively. As at 31 December 2025, 2,097,966 (2024: 2,281,263) shares were unvested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

35. Share award schemes (CONTINUED)**(b) Shimao Services Share Award Scheme (continued)**

The fair value of 2023 Grantee's services, 2022 Grantee's services and 2021 Grantee's services received in return for shares awarded of approximately HK\$5,923,000, HK\$10,645,000 and HK\$97,323,000 (equivalent to approximately RMB5,391,000, RMB9,566,000 and RMB79,571,000), respectively, was measured by reference to the market price of the shares of the Company at grant date. No other feature of the shares was incorporated into the measurement of the fair value.

The Group reversed (2024: recognised) share-based payment expense relating to the shares granted pursuant to the share award scheme of approximately RMB292,000 (2024: RMB1,159,000) in profit or loss during the year ended 31 December 2025.

The weighted average fair value of the unvested shares granted during the year ended 31 December 2025 is HK\$1,974,000, equivalent to RMB1,788,000 (2024: HK\$3,366,000, equivalent to RMB3,152,000).

36. Dividends

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

37. Cash flow information**(a) Net cash generated from operating activities**

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit/(Loss) before income tax	185,192	(147,744)
Adjustments for:		
– Depreciation and amortisation (Note 7)	312,588	326,993
– Impairment losses on financial assets – net (Note 7)	399,553	142,878
– Impairment losses on intangible assets (Note 20)	–	263
– Impairment losses on goodwill (Note 20)	65,027	45,566
– Impairment losses on property, plant and equipment (Note 11)	–	8,170
– Impairment losses on assets classified as held for sale (Note 26)	–	2,306
– Provision for inventories	1,184	31,818
– Net gain on disposal of property, plant and equipment (Note 11)	(255)	(3,383)
– Loss on disposal of subsidiaries (Note 38(b))	266	589,143
– Finance cost (Note 12)	1,477	30,879
– Finance income (Note 12)	(23,383)	(31,501)
– Fair value gain on financial assets at FVPL (Note 11)	(28,583)	(20,144)
– Net foreign exchange loss	485	195
– Share of results of associates (Note 16)	(1,755)	(9,348)
– Equity-settled share-based payment – share award scheme (Note 7)	(292)	1,159
	911,504	967,250
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
– Increase in restricted cash	(63,605)	(591)
– Decrease/(Increase) in inventories	145,850	(16,712)
– Increase in trade receivables	(1,053,125)	(941,924)
– Decrease in contract assets	–	15,007
– Decrease/(Increase) in other operating assets	1,105,279	(135,238)
– Increase in trade payables	210,911	404,880
– (Decrease)/Increase in contract liabilities	(94,627)	42,071
– Decrease in other operating liabilities	(71,579)	(82,749)
	1,090,608	251,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

37. Cash flow information (CONTINUED)**(b) Recognition of liabilities arising from financing activities**

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

	Other borrowings RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	(134,398)	(299,942)	(68,337)	(502,677)
Addition of lease liabilities	–	–	(14,045)	(14,045)
Disposal of subsidiaries	83,152	109,788	4,438	197,378
Termination of lease liabilities	–	–	635	635
Interest expenses (Note 12)	(10,003)	(17,904)	(2,972)	(30,879)
Cash flows, net	61,249	208,058	36,515	305,822
At 31 December 2024 and 1 January 2025	–	–	(43,766)	(43,766)
Proceeds from bank borrowing	–	(4,495)	–	(4,495)
Addition of lease liabilities	–	–	(6,857)	(6,857)
Termination of lease liabilities	–	–	9,948	9,948
Interest expenses (Note 12)	–	–	(1,477)	(1,477)
Cash flows, net	–	–	17,360	17,360
At 31 December 2025	–	(4,495)	(24,792)	(29,287)

38. Acquisitions and disposal of subsidiaries**(a) Transactions with non-controlling interests****2025**

During the year ended 31 December 2025, the Group completed the acquisition of additional 33%, 30% and 6.2% equity interests in three non-wholly owned subsidiaries. The Group recognised a decrease in non-controlling interests of RMB114,580,000 and other reserves of RMB11,964,000, respectively.

2024

During the year ended 31 December 2024, the Group completed the acquisition of the additional 18.07% equity interests in a non-wholly owned subsidiary. The Group recognised a decrease in non-controlling interests of RMB20,129,000 and an increase in other reserves of RMB20,129,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

38. Acquisitions in and disposal of subsidiaries (CONTINUED)**(a) Transaction with non-controlling interests (continued)**

The effect of changes in the ownership interest of the Group on the equity attributable to the equity holders of the Company during the years ended 31 December 2025 and 2024 is summarised as follows:

	2025 Total RMB'000	2024 Total RMB'000
Total consideration	126,544	–
Carrying amount of non-controlling interests acquired	(114,580)	(20,129)
Decrease/(Increase) in equity attributable to the equity holders of the company	11,964	(20,129)

(b) Disposal of subsidiaries with loss of control**2025**

On 31 December 2024, the Group entered into an equity transfer agreement with independent third parties (the "Purchaser"), pursuant to which the Group agreed to sell, and the Purchaser agreed to acquire the 51% equity interests in Quanzhou Youda Property Management Services Co., Ltd. ("Quanzhou Youda") for a consideration of RMB2,800,000. As at 31 December 2024, the assets and liabilities of Quanzhou Youda were classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale", respectively, in the Group's consolidated statement of financial position in accordance with HKFRS 5. The disposal of Quanzhou Youda was completed in January 2025.

During the year ended 31 December 2025, the Group completed the disposal of Quanzhou Youda with a net loss on disposal of RMB266,000. The carrying amount of total net assets disposed of, decrease in non-controlling interests, and net cash outflow arising on disposal at the disposal date were RMB6,259,000, RMB3,193,000 and RMB16,727,000, respectively.

Disposal of subsidiaries with loss of control**2024**

- (i) On 24 September 2024, Shimao Tiancheng, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party (the "Purchaser 1"), pursuant to which Shimao Tiancheng agreed to sell, and the Purchaser 1 agreed to acquire the 60% equity interests in Wuxi Jinshatian for a consideration of RMB250,000,000. The disposal was completed in September 2024.
- (ii) The Group also disposed three subsidiaries to independent third parties during the year ended 31 December 2024 at a total consideration of approximately RMB18,116,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

38. Acquisitions in and disposal of subsidiaries (CONTINUED)**(b) Disposal of subsidiaries with loss of control (continued)****2024 (continued)**

Net assets disposed with reconciliation of disposal loss and net cash inflow/(outflow) on disposal are as follow:

	Notes	Wuxi Jinshatian RMB'000	Others RMB'000	Total RMB'000
Cash and cash equivalents		59,751	25,838	85,589
Trade receivables		574,704	8,429	583,133
Prepayments, deposits and other receivables		84,160	6,230	90,390
Property, plant and equipment	17	221,874	343	222,217
Deferred tax assets	34	13,002	722	13,724
Inventories		21,431	–	21,431
Contract assets		161,227	–	161,227
Right of use assets	18	12,718	–	12,718
Intangible assets (excluding goodwill)		202,766	3,875	206,641
Deferred tax liabilities	34	(16,071)	(591)	(16,662)
Borrowings		(109,788)	–	(109,788)
Lease liabilities		(4,438)	–	(4,438)
Trade payables		(192,733)	(6,042)	(198,775)
Deposits received, accruals and other payables		(216,565)	(14,731)	(231,296)
Income tax liabilities		(9,916)	(5,425)	(15,341)
Provisions for other liabilities and charges		(4,579)	–	(4,579)
Total identifiable net assets		797,543	18,648	816,191
Less: non-controlling interests		(323,259)	(7,228)	(330,487)
Net assets attribute to the equity holders of the Company		474,284	11,420	485,704
Goodwill	20	359,627	11,928	371,555
Loss on disposal of subsidiaries		(583,911)	(5,232)	(589,143)
Disposal consideration				
– Cash received		206,000	17,506	223,506
– Outstanding and included in other receivable		44,000	610	44,610
		250,000	18,116	268,116
Cash proceeds from disposal consideration		206,000	17,506	223,506
Less: Cash and cash equivalents in the entities disposed of		(59,751)	(25,838)	(85,589)
Net cash inflow/(outflow) from disposal		146,249	(8,332)	137,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

39. Related party transactions**(a) Names and relationship with related parties**

The Group is controlled by Shimao Group Holdings Limited (incorporated in Cayman Islands which owns 62.87% (2024: 62.87%) of the Company's shares as at 31 December 2025). The directors consider Gemfair Investments Limited as the ultimate holding company, and the ultimate controlling shareholder of the Group is Mr. Hui Wing Mau.

(b) Transactions with related parties**(i) Continuing transactions**

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Services provided to related parties		
– Shimao Group	254,960	231,966
– Joint ventures and associates of Shimao Group	27,425	28,600
	282,385	260,566
Interest on lease liabilities paid to related parties		
– Shimao Group	615	774
Payment of lease liabilities in relation to leases with a related company		
– Shimao Group	3,920	6,390

The Group entered certain lease in respect of properties from related parties of the Group. The amount of rental payable by the Group under the leases are approximately RMB327,000 (2024: RMB500,000) per month and the lease terms will be expired in 1 to 4 years.

(c) Key management compensation

Compensations for key management other than those for directors as disclosed in Note 9 is set out below:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	9,548	12,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

39. Related party transactions (CONTINUED)

(d) Balances with related parties – trade

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Receivables from related parties		
Trade and notes receivables (note 23)		
– Shimao Group	823,102	667,498
– Joint ventures and associates of Shimao Group	111,478	85,937
	934,580	753,435
Prepayments, deposits and other receivables (Note 24) (note)		
– Shimao Group	208,034	378,641
– Joint ventures and associates of Shimao Group	25,300	11,334
	233,334	389,975
Total receivables from related parties (before allowance for credit losses)	1,167,914	1,143,410
Less: Allowance	(591,365)	(601,624)
Total receivables from related parties (net allowance for credit losses)	576,549	541,786
Payables to related parties		
Contract liabilities (Note 6(a))		
– Shimao Group	1,986	21,982
– Joint ventures and associates of Shimao Group	–	603
	1,986	22,585
Trade payables (Note 31)		
– Shimao Group	19,104	17,736
– Joint ventures and associates of Shimao Group	788	812
	19,892	18,548
Deposits received, accruals and other payables (Note 32)		
– Shimao Group	103,430	90,280
– Joint ventures and associates of Shimao Group	24,210	21,045
	127,640	111,325
Lease payable to related parties		
– Shimao Group	9,894	13,005
Total payables to related parties	159,412	165,463

Note: Included in the amount, the deposit of approximately RMB101,317,000 (2024: RMB190,955,000) was paid by the Group to Shimao Group for the sales rights of car parking spaces. Such deposit paid together with the commission income of approximately RMB37,071,000 (2024: RMB21,823,000) generated from the sales of car parking spaces constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

40. Contingencies

As at 31 December 2025 and 2024, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to third parties.

41. Partly-owned subsidiaries with material non-controlling interests

Financial information of the subsidiaries of the Group that had a material non-controlling interest ("NCI") is summarised below. The amounts disclosed are before any inter-company elimination:

NCI percentage	Zhejiang Sinew 17.53% (2024: 20.01%) As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets	486,131	513,642
Non-current assets	331,603	343,289
Current liabilities	(290,155)	(298,967)
Non-current liabilities	(25,165)	(31,139)
Equity attributable to owners of the Company	(335,776)	(421,407)
Non-controlling interests of Zhejiang Sinew	(166,638)	(105,418)
	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	1,292,381	1,279,815
Cost of sales	(1,152,225)	(1,113,740)
Profit and total comprehensive income for the year	23,327	29,406
Profit and total comprehensive income attributable to:		
– equity holders of the Company	18,659	23,522
– non-controlling interests	4,668	5,884
Dividend paid to non-controlling interests	10,500	30,000
Cash flow generated from operating activities	54,226	39,854
Cash flow generated (used in)/from operating activities	(117,312)	3,376
Cash flow used in financing activities	(70,000)	(151,204)
Net cash outflow	(133,086)	(107,974)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

41. Partly-owned subsidiaries with material non-controlling interests (CONTINUED)

NCI percentage	Shi Lu Yuan N/A (2024: 33%) As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets	N/A	292,634
Non-current assets	N/A	156,403
Current liabilities	N/A	(141,490)
Non-current liabilities	N/A	(312)
Equity attributable to owners of the Company	N/A	(205,847)
Non-controlling interests of Shi Lu Yuan	N/A	(101,388)
	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	N/A	237,369
Cost of sales	N/A	(207,773)
Profit and total comprehensive income for the year	N/A	21,648
Profit and total comprehensive income attributable to:		
– equity holders of the Company	N/A	14,504
– non-controlling interests	N/A	7,144
Cash flow generated from operating activities	N/A	6,095
Cash flow used in operating activities	N/A	(12,777)
Cash flow generated from financing activities	N/A	535
Net cash outflow	N/A	(6,147)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

42. Statement of financial position and reserve movement of the Company

(i) Statement of financial position of the Company

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Prepayments, deposits and other receivables		9,253,096	9,255,121
Investment in subsidiaries		212,275	212,275
Total non-current assets		9,465,371	9,467,396
Current asset			
Cash and cash equivalents		26	29
Total current asset		26	29
Current liability			
Other payables		2,426,081	2,412,507
Total current liability		2,426,081	2,412,507
Net assets		7,039,316	7,054,918
Equity			
Share capital	27	21,357	21,357
Reserves	42(ii)	7,017,959	7,033,561
Total equity		7,039,316	7,054,918

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2026 and was signed on its behalf.

Hui Sai Tan, Jason
Director

Shao Liang
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

42. Statement of financial position and reserve movement of the Company (CONTINUED)**(ii) Reserve movement of the Company**

	Share premium RMB'000 (Note 28)	Other reserves RMB'000 (Note 28)	Treasury reserve RMB'000 (Note 28)	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	8,416,063	(1,016,720)	(7,461)	(347,167)	7,044,715
Loss and total comprehensive expense for the year	–	–	–	(12,313)	(12,313)
Equity-settled share-based payment (Note 35)	–	1,159	–	–	1,159
Lapse of shares under equity-settled share-based payment	–	(1,903)	–	1,903	–
Balance at 31 December 2024 and 1 January 2025	8,416,063	(1,017,464)	(7,461)	(357,577)	7,033,561
Loss and total comprehensive expense for the year	–	–	–	(15,310)	(15,310)
Equity-settled share-based payment (Note 35)	–	(292)	–	–	(292)
Lapse of shares under equity-settled share-based payment	–	(1,083)	–	1,083	–
Balance at 31 December 2025	8,416,063	(1,018,839)	(7,461)	(371,804)	7,017,959

43. Comparative figures

Certain comparative figures in the consolidated financial statements have been reclassified to confirm with the current year's presentation.



美好生活智造者
BETTER SMART LIFE